

Annual Report Year ending 31 March 2006

Community Development
Foundation



community
development
foundation

Annual Report Year ending 31 March 2006

Community Development
Foundation



Ordered by The House of Commons
to be printed 18 December 2006

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

Registered charity number: 306130

**British Library cataloguing-in-Publication Data
A record of this publication is available from the British Library**

ISBN: 0102937559

Typesetting by bearcomm.com, Penzance Cornwall
Printed in Great Britain by Crowes of Norwich

© Crown Copyright 2006

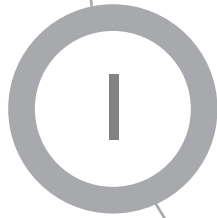
The text in this document (excluding any Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any queries relating to the copyright in this document should be addressed to
The Licensing Division, HMSO, St Clements House, 2-16 Colegate, Norwich, NR3 1BQ.
Fax: 01603 723000 or e-mail: licensing@cabinet-office.x.gsi.gov.uk.

Contents

	<i>Page</i>
Chair's report	1
Trustees report	3
Reference and administrative details	3
About CDF	3
Related parties	3
CDF values	4
What CDF offers	4
Relationship with CPF Trust Ltd.	4
Structure, governance and management	5
Role of Trustees	5
Trustee responsibilities	6
Chief Executive	7
Staffing	7
Risk management	7
Grant administration	8
Management commentary	8
Objects, objectives and principle activities of the charity	10
Achievements and performance	13
Achieving CDF objectives	13
General governance achievements and performance	13
CDF's work programme review	15
CDF's Communications and Services review	24
Financial review and results for the year (2005-06)	27
Summary of financial review for the year	28
Financial management policies	28
Employees	29
Future Aims	33
Board of Trustees	35
Professional Advisers	37
Principal addresses	39
Statement of Accounting Officer's responsibilities	41

Statement of internal control	43
Independent Auditor's Report	47
Statement of financial activities	51
Consolidated statement of financial activities for the year ended 31 March 2006	51
Consolidated balance sheet as at 31 March 2006	53
Community Development Foundation's balance sheet as at 31 March 2006	55
Consolidated cashflow statement for the year ended 31 March 2006	57
Notes of accounts	59
Basis of accounting and accounting policies	59
Net incoming resources	63
Net expenditure for the year	65
Net expenditure for the year	66
Staff emoluments	66
Notional cost of capital	67
Trading subsidiary	67
Reconciliation of individual charities' results to consolidated statement of financial activities	69
Fixed assets (consolidated)	69
Fixed assets (parent company)	70
Debtors due within one year (consolidated)	70
Debtors due within one year (parent company)	70
Debtors due after more than one year (parent company)	71
Creditors due in less than one year (consolidated)	71
Creditors due in less than one year (parent company)	72
Intra-government balances (consolidated)	72
Unrestricted funds (consolidated)	73
Unrestricted funds (parent company)	73
Restricted funds	74
Other charitable funds	74
Reconciliation of funds (consolidated)	75
Reconciliation of funds (parent company)	75
Related party	75
Funders	78
Reconciliation of net (outgoing)/incoming resources before revaluations and investment asset disposals to new cashflow from operating activities	78
Reconciliation of net cashflow to movement in net funds	78
Analysis of net funds	79
Other commitments	79
Financial instruments	79
Post balance sheet events	80



Chair's report

The relevance of the Community Development Foundation (CDF) has never been greater. With the development and inclusion of communities firmly on the government's agenda, CDF has much to contribute. In 2005–06, as you will see from this annual report, the organisation has worked tirelessly to promote and engage on issues relating to community development, on a number of levels. We have administered grants to grass-root organisations to help them build a sense of community and belonging and support their own neighbourhoods, provided advice and support to those working with communities, and engaged with government at a local, regional, national and international level.

Guided by our five themes – cohesion and diversity, indicators and evaluation, informing public bodies, community involvement and the community development profession, and neighbourhoods and civil renewal – we undertook and successfully achieved a range of objectives. There is much of which we can be proud.

Having completed our strategic review, in 2006–07 we have a firm foundation on which to focus our efforts for the next three years. Mirroring the government's ever growing commitment to empowering communities, CDF moved departments to the newly created Department for Communities and Local Government. Also with three new Trustees, representing Scotland, Wales and Northern Ireland, a Co-Chief Executive job share arrangement, new projects and new staff, CDF has garnered new expertise to the organisation.

Our three aims for the next three years will focus on building:

- Stronger communities and a stronger community sector;
- Cohesive communities;
- Engaged communities.

We believe that CDF has a sound financial basis upon which to deliver on these objectives.

Finally, I would like to thank all those who have contributed to CDF's success in 2005–06.

Tom Levitt MP
Chair of Trustees

The board of Trustees of the Community Development Foundation presents its annual report for the year ended 31 March 2006 under the Companies Act 1985 and the Charities Act 1993, together with the audited financial statements for the year.

The Community Development Foundation was formerly known as the Community Projects Foundation and the Young Volunteer Force Foundation.

Reference and administrative details

The Community Development Foundation, also known as CDF, is a registered charity number 306130, as well as a non-departmental public body (NDPB). Its registered office is Unit 5, Angel Gate, 320–326 City Road, London EC1V 2PT.

CDF has a company limited by guarantee named C.P.F. Trust Ltd., company number 1791017, registered at 60 Highbury Grove, London N5 2AG. The company is also a registered charity, number 290255, and is registered at Unit 5, Angel Gate, 320–326 City Road, London EC1V 2PT.

About CDF

CDF is a leading source of intelligence, guidance and delivery on community development and community capacity building in England and across the UK, and also operates at European and international levels. It provides this through practitioner networks, research, evaluation and policy analysis, grant administration programmes, projects, publications, training and information, and partnerships with statutory agencies and with sister organisations in the voluntary and community sector (VCS).

As a non departmental public body, CDF advises, supports and informs government about current activity, issues and outcomes in community development and community capacity building in communities and among the profession. At government level we contribute to the development of relevant policies while ensuring effective delivery at practitioner level and tangible benefits for communities.

Related parties

CDF is a non departmental public body of the Home Office. The Home Office is a related party. During the year, CDF has had a number of material transactions with the department.

In addition, CDF has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Office of the Deputy Prime Minister (now the Department for Communities and Local Government), Department for Food, Environment and Rural Affairs, Department for Education and Skills and the Crown Prosecution Service.

During the year no Minister, Member of Parliament, Trustee, Director, key manager or other related parties has undertaken any material transactions with CDF.

CDF values

CDF is a value driven organisation, which is reflected in its vision of an inclusive and just society and its mission to lead community development analysis and strategy, in order to empower people to influence decisions that affect their lives.

Its values are also reflected in its commitment to staff and stakeholders, and high quality services.

CDF is currently redefining its values as part of its corporate planning process for 2006–07.

What CDF offers

CDF offers:

- policy solutions and expertise in areas such as neighbourhood renewal, community engagement and involvement, cohesion and diversity, social inclusion and regeneration;
- training for a wide range of audiences interested in community development across the UK;
- grant administration and funding for community groups;
- information forums and exchange opportunities;
- conferences and events;
- projects;
- evidence-based good practice from across the UK and the rest of Europe;
- consultancy services;
- publications and information.

Relationship with CPF Trust Ltd.

CPF Trust Limited (the Trust) is a company limited by guarantee, number 1791017, and a charity 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, as set out in these accounts, to further the principal objectives of CDF, the Charity. CDF is currently in the process of reviewing and agreeing its principle objects with the Charity Commission. When these have been agreed then

these, too, will be applied to CPF Trust Limited. CPF Trust's principal activity during the year continued to be that of owning the property and letting it to CDF. In July 2005, the company sold the existing premises at Highbury Grove to acquire the new premises at Angel Gate to support the Community Development Foundation's growing business. The sale and purchase of the premises was conducted after obtaining professional valuations by the Trustees. During the year the company rented its former premises from the new owners until CDF was able to move into new premises in January 2006.

Structure, governance and management

In 2005–06 CDF was supported principally by the Active Community Directorate of the Home Office and worked closely with other national government departments, regional and local government, and the Voluntary and Community Sector.

The Active Community Directorate of the Home Office, our sponsor department for the majority of 2005–2006, provides around half of our funding. The rest comes from other government departments, local government, charitable trusts and the private sector. We also generate income from sales of publications, training courses, consultancies, conferences and seminars.

Shortly after the end of the financial year ending 2006, and following a Government re-shuffle, CDF's sponsorship was transferred to the Department for Communities and Local Government.

Role of Trustees

CDF staff are employed and overseen by a board of 15 Trustees, which meets three times a year. One of the trustee meetings is a two-day residential to set CDF's broad strategy and review its progress. There is also a finance and an audit committee, comprising of five Trustees, but operating with separate terms of reference from the full board and which meet three times a year. Recommendations from these committees are taken to the full board for ratification.

Trustees are involved in other aspects of the organisation, for example the Scottish Community Development Centre management committee and the Trustee Equal Rights Group. Going forward in 2006–2007 two new Trustee groups have been planned: Human Resources Committee and Four Nations, European and International Group.

CDF Trustees are appointed by the Minister of State at the Home Office on behalf of the Home Secretary. A list of current Trustees is included on page 35.

Policies and procedures for training Trustees

Trustees receive induction information upon joining the Board, and are briefed by the Chair and Chief Executive(s). In addition, general Trustee training sessions are held as part of relevant Trustee meetings.

The Trustees have overall responsibility for ensuring that CDF has appropriate systems and controls, both financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time CDF's financial

position and enable them to ensure that the financial statements comply with the Charities Act 1993 (The Charities Accounts and Reports) Regulations 2005 (2005 No. 572). The financial statements also comply with the Treasury's Financial Reporting Manual (FRoM). The Trustees are also responsible for safeguarding CDF's assets and for their proper application as required by charity law. They are therefore responsible for taking reasonable steps to prevent and detect fraud and other irregularities and to provide reasonable assurance that:

- CDF is operating efficiently and effectively;
- all assets are safeguarded against unauthorised use or disposition and are properly applied;
- proper records are maintained, and any financial information used within CDF or for publication is reliable;
- CDF complies with relevant laws and regulations.

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. Processes are in place to ensure that performance is monitored and appropriate management information is prepared and reviewed regularly by both the Management and the Board of Trustees. A programme of internal audits is in place, derived from a comprehensive risk assessment.

Trustees' responsibilities

Management make all day to day decisions on behalf of the organisation, including those related to finance, staff, projects and programmes and administration. Trustees help to set strategic direction, and review and monitor CDF's work, both financial and operational (e.g. by reviewing work programmes, strategic plan, budgets, accounts, grant-in-aid bids, half and full year progress reports, Directors' reports). Trustees, and specifically the Chair of Trustees, also support the Chief Executive(s).

Trustees are responsible for CDF's annual report, and for the preparation of annual financial statements. These must give a true and fair view of the incoming resources and their application during the year, and of the state of affairs as at the end of the financial year. In preparing these financial statements, the Trustees are required to:

- ensure that the most suitable accounting policies are established and applied consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether the applicable accounting standards and statement of recommended accounting practice (SORP) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that CDF will continue in operation.

CDF's governing document is a Declaration of Trust dated 12th December 1967 and has been varied by scheme several times. CDF Trustees now consider that the organisation's existing documents, focusing on direct service work with young people and others in the community, are no longer accurate and therefore are in the process of changing the charitable objectives with the Charity Commission. This process should be completed by the end of the current financial year (2006-07.)

Chief Executive

The Chief Executive is responsible for the day-to-day management of CDF's affairs and for implementing policies agreed by the board of Trustees. The Chief Executive is assisted by CDF's Directorate.

At the time of writing, this post is a job share and so CDF have Co-Chief Executives.

Staffing

As at the balance sheet date, CDF had 64 staff (55.24 full time equivalents), working from Head Office and five other offices, in Cambridge, Hove, Leeds, Scotland and Wales.

Staff 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. Staff receive copies of Directorate minutes, budgets, annual reports and other key documents. CDF carries out exit and entry interviews for all staff and operates a supportive staff development programme. A full staff manual is adhered to, covering areas such as health and safety, recruitment, equal opportunities, parental leave, other leave and working hours. In accordance with CDF's equal opportunities policy, the organisation has established fair employment practices in the recruitment, selection, retention and training of disabled staff. The profile of staff in terms of disability, ethnicity, age and other factors is regularly analysed and reported to Trustees. Finally, the Equal Opportunities Strategy Group has produced an Equalities scheme, which will be implemented across all functions of the organisation.

Risk management

The Trustees confirm that they have established systems to mitigate significant risks, which are categorised thus: strategic, regulatory, operational, and financial. Trustees and senior staff review the major risks which the CDF faces on a regular basis. CDF believe that maintaining reserves at current levels, combined with a regular review of the controls over the key financial systems, will provide sufficient resources in the event of adverse conditions. Each department manages a detailed risk register, which feeds into the strategic risk register.

Currently, CDF has identified its potential top ten risks as follows:

- CDF charitable aims and objectives no longer accurately describe the charity's purpose;

- charity's purpose not clearly or consistently translated to all stakeholders;
- CDF fails to comply with spectrum of governance requirements (breach of trust);
- loss of key personnel;
- non compliance with key statutory and legal regulations;
- CDF ill-equipped to respond to internal and external events which may interrupt business or affect reputation;
- inconsistent/incomplete application and monitoring of key policies;
- quality assurance processes inconsistent or not present;
- CDF requirements to comply with multiple internal and external finance requirements, due to its charitable, NDPB and company statuses, range of activities and geographical spread of operations. Conflicts of purpose and risks associated with co-ordination;
- financial processes and systems inconsistent/incomplete.

It should be noted that, in the reporting period, successful business continuity plans were employed to cover:

- maternity cover for the Chief Executive and Finance Director;
- development of a new financial software system;
- relocation to new premises for Community Development Foundation North;
- relocation to new premises for those in working in the London HQ.

Grant administration

CDF both administers grants and provides 'added value' to funding programmes via our experience of community development approaches and community organisations. We ensure that other Units and projects in CDF are linked into our grant administration in an appropriate way and we use our expertise in community development in our grant administration. In addition we learn from our grant administration work and provide support to groups receiving funding. This builds organisational knowledge and experience; for the organisations we fund, for the sector, our sponsors and CDF as a community development organisation. CDF prides itself on its ability to bring added value to the role of grant administrator and develops each scheme with the support of the appropriate sponsor to ensure that each fund is as relevant as possible to its target audience and meets the funding criteria of the sponsor.

Further details of our grant administration work can be found on our website, www.cdf.org.uk/practice/grants/default.asp

Management commentary

As a non departmental public body (NDPB), CDF works to a three-year work plan agreed with its sponsor unit. This forms the basis of grant-in-aid paid to CDF, which in turn

forms a proportion of the overall resources that CDF receives during the year. Further resources are secured from contracts with, and managing grant programmes on behalf of, other public bodies as well as trading income from events, training, consultancy and publications. During this reporting period, April 2005 – March 2006, the Active Communities Directorate (ACD) of the Home Office (CDF's sponsor unit) confirmed that the agreed work plan objectives for the final year of three had been achieved. Following this, at the end of 2005, work began on CDF's first corporate plan, which reviewed CDF's vision for 'an inclusive and just society' and mission 'to lead community development analysis and strategy, in order to empower people to influence decisions that affect their lives'. The plan identifies the organisation's aims for the next three years:

- Stronger Communities and Community Sector;
- Cohesive Communities;
- Engaged Communities.

From this, and encouraged by the ACD, a comprehensive work plan was developed to cover the period 2006 – 2009. Whilst this work was driven by senior staff, all operational staff were also involved and the plan was endorsed by Trustees in July 2006. The document has provided the organisation with a clear communication point for all work.

As a result, several one-off, cross-organisation forums have taken place, to ensure that key policy areas are debated and agreed in order to present a unified message to external stakeholders. Senior staff actively seek to work in partnership with these stakeholders in order to raise CDF's profile, by speaking at conferences, producing joint publications and meeting to agree strategic approaches to government on certain policy issues.

The reporting period has been a time of several challenges for staff and Trustees at CDF. One of the significant areas of development has been the management of grant programmes on behalf of the Home Office. Using expertise derived from managing a 6 year, £58m grants programme, the Neighbourhood Support Fund, on behalf of the Department for Education and Skills, CDF has developed and managed the Faith Communities Capacity Building Fund for the Cohesion and Faith Unit and Connecting Communities Plus, Community Grants for the Race Equality Unit of the Home Office. CDF only enters into managing programmes which apply a community development approach and identifies and mitigates against risks from delivering potentially controversial programmes and balances this with the opportunities presented for new learning.

From an operational and management point of view, two senior staff (CEO and Director, Finance) went on maternity leave, with interim staff filling the posts. Work was completed on the pay and grading review, providing CDF with a new post and salary structure, which was agreed by Home Office. CDF's head office moved location and staff experienced the usual teething problems associated with a major premises move. In addition CDF overhauled its finance systems, installing a new software package, 'SUN'. Shortly after this, and into the next financial year (2006-2007), a government reshuffle meant a short period of uncertainty while new sponsor department arrangements were

agreed. The Scottish Community Development Centre, CDF's office in Scotland, increased its staff numbers in 2005–2006 in response to new contracts and as a result also planned a move to new offices in 2005–2006. Finally, three new Trustees were appointed bringing new insights from Scotland, Wales and Northern Ireland.

These changes had an impact on staff across the organisation based in all CDF offices – Scotland, Wales, Leeds, Cambridge and Hove – as well as the London headquarters and they rose to these challenges with professionalism and patience. As a national organisation it has always been important for staff in satellite offices to feel part of CDF's success; regular, whole organisation staff meetings take place and the 2006 annual staff conference, which includes team-building and social activity, received very positive feedback.

As a public body there is an increasing requirement that CDF demonstrates how it acknowledges and manages performance across the organisation. Regular staff supervision continues to take place within management teams and appraisals are conducted on an annual basis. Annual staff performance objectives are now set at appraisal stage to reflect the aims and objectives of the corporate plan. Earlier in the calendar year a survey was undertaken to consider staff views on a performance reward scheme and further work needs to be done in this area. Conversely, there are clear policies and procedures for dealing with issues of poor performance.

CDF, therefore, strives to be a forward-looking organisation, one that attracts and retains motivated and committed staff and, through its policy-work, is respected by its external stakeholders and partners.

Objects, objectives and principal activities of the charity

CDF's existing objects 2005–2006 are in the process of being changed (see page 7). Currently, they are: 'To educate young people of either sex by teaching them in particular, the need for and the manner of rendering service to the community and in particular the aged and the disabled; and to render service, including making of payments, to the community and in particular the aged and the disabled, with a view to improvement of their conditions of life, when they are in need of service by reason of age, infirmity, disablement or social or economic circumstances affecting them.'

The proposed new objects for 2006–2007 are:

To develop the capacity and skills of members of social and economically and socially disadvantaged communities (in England and Wales) in such a way that they are better able to identify, and help meet their needs and to participate more fully in society and 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; and
- Information and Publications.

CDF's objectives in 2005–06 continued to be grouped under the five themes to which CDF has been working for the past three years, slightly rephrased to provide a sharper focus. They are:

1. Cohesion and diversity

Strengthening community cohesion and promoting diversity by fostering well-functioning neighbourhoods and communities in the context of a multi-ethnic society.

2. Indicators and evaluation

Developing practical indicators that can be used to describe well-functioning communities, and related areas of evaluation and training.

3. Informing public bodies

Showing public bodies (including central and local government) how they can strengthen communities through policies, programmes and support.

4. Community involvement and the community development profession

Advising on systems for involving communities in service planning and in visioning for their areas.

5. Neighbourhoods and civil renewal

Exploring and enhancing ways of strengthening neighbourhood relations, citizenship and social networks, showing their contribution to public issues such as safety and social capital.

Achievements and Performance

Achieving CDF objectives

CDF takes a strategic view in setting and measuring achievement of its objectives. This is led by senior staff, meeting monthly as a Directorate, and which is reported to Trustees every four months. Trustees take an active role in the strategic direction of CDF, contributing knowledge from across the community development field, as well as expertise from across the nations, regions and sectors.

In 2005 CDF embarked on developing a strategic plan, capturing information from across the organisation that would be used to help shape its future operations. Leading on from this CDF then developed its first corporate plan, led by CEOs and Directors. This has set a clear vision and mission for CDF and formed the basis for agreement on 3 key aims and supporting objectives, for the period 2006–2009. Staff throughout the organisation were consulted on, and involved in, the development of a detailed work plan.

CDF's appraisal system has been amended to capture the contributions that staff are expected to make in order to achieve the objectives set out in this work plan. Detailed business plans have also been developed around significant areas of activity, in order to ensure efficient and effective delivery of the corporate plan. Directors report progress against the 3 key aims, both at Directorate and at Trustee board meetings.

General governance achievements and performance

Relocate headquarters in London

The relocation from an old, inadequate workspace in Highbury Grove to a new, modern office building in Angel Gate, City Road, has provided the basis for a renewed CDF. Staff based at HQ moved in January 2006 and the building provides better meeting spaces and open plan offices, which has encouraged better cross team working.

Implement a new financial system

Spurred by an ongoing drive to enhance the effectiveness and efficiency of the financial management and control of CDF, a decision was taken to implement a SUN accounting system. The system was developed and implemented, to begin operations on April 01 2006.

Complete a pay and grading review

In 2005 CDF presented a business case to the Home Office for replacing its job evaluation and salary structure as CDF had been experiencing recruitment and retention difficulties for several years. It was hoped to backdate the proposals to 1st April 2004.

However, this was not possible as the proposals meant that the percentage increase in the pay bill in 2005–2006 would have taken CDF over what could be accepted in the public sector. CDF finally agreed a 2005–2006 pay deal which involved introducing new job evaluation and salary structures on 1 January 2006, a 3.5% cost of living increase on our old salary scales for the period 1 April 2005 to 31 December 2005 and a bonus of £1,500.00 pro rata for staff employed between 1 April 2004 and 31 March 2005. The latter payment was made on the basis that CDF had met its Home Office organisational targets for 2004-2005. This salary increase, excluding the bonus, lifted CDF's pay bill by 5.4% in 2005–2006 which was 1.9% over the HM Treasury Public Sector pay Guidelines for that year. CDF was allowed to do this because it was updating its grading and pay systems. However, this meant that the salaries introduced on 1 January 2006 were based on a market survey undertaken by CDF in 2004.

In the submission to the Home Office, CDF used an average of the combined Government and Voluntary and Community Sector (VCS) salary rates as the basis for our salary proposals. The rationale for this approach was that CDF works closely with both sectors. Trustees and the Home Office accepted this approach.

As part of the Business Case, Trustees' Finance Committee agreed CDF salaries would be reviewed each year and that this review would be informed by:

- HM Treasury Public Sector Pay Guidelines. As an NDPB CDF has to obtain government approval prior to changing terms and conditions of employment. We are expected to abide by the guidelines;
- Average Earnings Pay Growth for the public sector as published by the Office for National Statistics;
- Voluntary and Community Sector (VCS) norms. CDF conducted its own survey in 2004 and proposes to do so every five years. In the interim period we plan to use the Celre/NCVO annual survey produced by Remuneration Economics. This survey is now in its seventeenth year.

Job evaluation and salary structure reviews

A new CDF job evaluation scheme was introduced on 1 January 2006. It was devised in-house with participation from ACAS and CDF union representatives. The old job evaluation system was replaced by a points rated scheme which was equality proofed. All new posts are subject to scrutiny via the Job Evaluation Team (JET), which includes union representation. There is also a process in place which enables staff to apply for re-grading, via the JET.

A new salary structure was also devised in-house and implemented on 1 January 2006. All job evaluated posts, from Chief Executives to Cleaners, were placed on an 8 band pay structure with spot rate salaries i.e. no increments. Salary rates were obtained by undertaking a market survey of the Government and Voluntary and Community Sector (VCS) pay rates, combining them and then taking the upper quartile of the combined rates. The rationale for this approach was that CDF works closely with both sectors. The rates per band are reviewed annually.

CDF's work programme review

I. Cohesion and diversity

Objective: Strengthening community cohesion and promoting diversity by fostering well-functioning neighbourhoods and communities in the context of a multi-ethnic society.

A significant piece of work undertaken by CDF in the period 2005–2006 was the Faith Communities Capacity Building Fund. CDF's involvement in this is to demonstrate that the public sector can work with and fund the faiths and interfaith sector. Ultimately, the programmes are about cohesion and diversity but the outcome of CDF's involvement with this is primarily about fulfilling objective 3, Influencing Public Bodies.

Outcomes:

CDF's Practice Links programme produced discussion papers and held a seminar on conflict and cohesion that brought practitioners together to debate and share experiences and learning. A guide and summary report relating to the seminars is available at www.cdf.org.uk/practice/practicelinks/introduction.asp

Disseminating good practice:

- CDF, in partnership with Community Development Exchange (CDX), held a national conference, Matrix or Minefield, Equalities and Empowerment within community development. The conference was attended by around 50 community development practitioners and promoted good community development work around equalities.
- In Scotland, the Scottish Community Development Centre (SCDC) has been developing the National Standards for Community Engagement, exploring and testing how equalities communities can best be involved in decision making.
- Community Health Exchange (CHEX) organised a conference on equalities-based work for promoting health, which disseminated good practice in relation to equalities.
- CDF worked with Age Concern England to help its regional managers embed community development principles around equalities within its work at local, regional and national levels. Again, CDF acted as a disseminator of good practice on this issue.
- CDF has completed a full review and production of an internal equalities scheme, which is currently being implemented.
- CDF worked with the National Institute for Mental Health in England, providing advice to their Delivering Race Equality programme, which is employing community workers to work with local BME communities.
- CDF also worked in partnership with the New Economics Foundation to create the Democs game – a conversation card activity that anyone can play, which allows people to discuss a topic about public decision making. For more information, go to www.neweconomics.org

Influencing policy:

- CDF made representations to the Home Secretary in respect of the remit of the Commission on Integration, and commented extensively on the Office of the Deputy Prime Minister's (ODPM) draft Race Equality Scheme.
- CDF published and disseminated the publication *Whatever Happened to Social Europe?* which examines the role of European structural funds in cohesion policy.
- We participated in an advisory capacity on a Joseph Rowntree Foundation working group undertaking a short research project investigating the links between faith-based community activity and social capital.
- We participated in DTI working groups on gender equality.
- Practice Development produced a booklet with CDX on equalities-based community development practice, which will be published later in 2006.
- CDF contributed to a research project with the Countryside Council for Wales that aims to improve marginalised communities' engagement and access to the countryside.

2. Indicators and Evaluation

Objective: Developing practical indicators that can be used to describe well-functioning communities, and related areas of evaluation and training.

Many people ask what an active, flourishing or cohesive community looks like. For a long time, policy makers had no indicators or benchmarks from which to gather evidence. With the increasing emphasis on community participation and empowerment, the need for such tools has increased.

CDF's long-term investment in the development of community indicators came to fruition in 2005–06, when a version of the indicators was embedded in government policy.

Five obligatory and ten optional indicators of community strength are now established in the Safer and Stronger Communities Fund (SSCF), which applies across England. Additionally, three of the five obligatory indicators were subsequently adopted as obligatory indicators for the 'community empowerment' theme in Local Area Agreements, which will be rolled out across England by April 2007.

Indicators of Stronger Communities

- Increase in local participation in governance.
- Increase in community cohesion and inclusion.
- Increase in volunteering.

The viability and validity of the indicators was demonstrated by testing them with the help of a group of 11 local authorities and other bodies. The final report, *Testing Indicators of Community Involvement*, by Jayne Humm and Kate Jones, is available to download, free of charge, from the CDF website www.cdf.org.uk/services/rea/introduction.asp

CDF produced the policy briefing *Who are the Capacity Builders?* with funding from the Calouste Gulbenkian Foundation and the Civil Renewal Unit of the Home Office, which runs the Together We Can campaign. The briefing reviews the previous UK survey of community development workers and adds evidence from six case study localities, which together provide the first realistic estimate, for at least a generation, of the extent of this work.

The briefing was based on a book of the same title that we had commissioned from Peter Taylor, a CDF associate.

The findings suggest that:

- the full-time equivalent of 20,000 professional workers across the UK are carrying out community capacity building;
- up to 40% of the work is on short-term contracts;
- one quarter of community capacity building is provided as small contributions from other professionals;
- unpaid community capacity building is sometimes carried out by local residents, mostly limited to a single group;
- six different types of agency employ workers with a major community capacity building remit;
- no agency in any of the case study areas had a comprehensive overview of all the community capacity building taking place;
- half of the community capacity building work was focused on particular target groups.

This year, the LEAP (Learning Evaluation And Planning) Support Unit has been developing a facilitator scheme to provide training and follow up support to others. The unit hopes it will champion a participatory, outcome-focused approach to planning and evaluation.

The LEAP Support Unit is a two-year project, funded by NHS Health Scotland and the Big Lottery Fund.

Its role is to encourage the application of the LEAP approach to planning and evaluation in health improvement and related areas.

For more information, go to www.scdc.org.uk/leap_index.htm

3. Informing public bodies

Objective: Showing public bodies (including central and local government) how they can strengthen communities through policies, programmes and support.

As a non-departmental public body of the newly created Department for Communities and the Local Government (DCLG), CDF continues to work closely with the Civil Renewal Unit, supporting Together We Can. In the past year this included helping to

organise a major forum, sitting on workgroups and promoting the Together We Can message and work to VCS partners and other government departments.

This year CDF was also asked by the Civil Renewal Unit to convene a group to look at how to raise the profile and effectiveness of community development in relation to government policies. Under the title 'CD2', CDF drew together a small working party which included other community development organisations, academics, funders and practitioners. CD2 will produce a report later in 2006 with its initial findings and then proceed to spread the message and initiate implementation.

Together We Can was launched in June 2005. It sets out the government's plan to enable people to engage with public bodies and influence the decisions that affect their communities.

Together We Can is led by the Civil Renewal Unit in DCLG, and 12 government departments are contributing with policies that empower citizens to get involved.

CDF's successful project the Neighbourhood Support Fund (NSF) came to an end this year. A conference in November 2005 showcased many NSF groups, getting them to tell their stories. By April 2006, over 90% of phase two groups had secured funding to continue their work with young people.

NSF was also evaluated, and provided CDF with the last chance to contact the young people surveyed in previous years. Additionally, CDF published a booklet detailing the findings from four case study projects looking at how the community approach to working with young people works in practice.

NSF

In the second phase of NSF, CDF administered grants to 131 community and voluntary groups to run projects for young people aged between 13 and 19, who lived in some of the most deprived urban areas in England. The projects were targeted at young people who were disengaged from mainstream education, employment and training provision and/or at risk of long-term social exclusion. NSF projects provided a wide variety of activities and services, all with the ultimate aim of re-engaging young people with the world of education, employment and training as well as reconnecting them with other members of their own communities.

Over the six-year NSF programme more than 500 local groups were supported, giving help to approximately 50,000 young people.

- CDF became manager of the Home Office-funded Faith Communities Capacity Building Fund (FCCBF). In 2005–06, the fund gave grants to over 570 community and voluntary organisations, throughout England and Wales. More than 3000 organisations applied and, as a result of the response, increased funds have been made available to enable more organisations to benefit.

As well as building the recipient organisations' capacity and encouraging and supporting inter-faith activity, the fund will also provide CDF with opportunities to learn from their experiences, thus informing both our and other organisations' policy.

A second round of funding for the **Faith Communities Capacity Building Fund (FCCBF)** opened in August 2006. CDF is now administering this fund on behalf of the Department for Communities and Local Government's (DCLG) Cohesion and Faiths Unit.

FCCBF's purpose is to fund a wide range of activities that build community cohesion and increase people's involvement in their local communities.

The fund has two key priorities – capacity building of faith and inter-faith organisations to enable them to play a fuller part in civil society, and supporting inter-faith activity to promote mutual understanding, respect and co-operation between people of different faiths. Groups must apply under one of these options.

Funded projects

The Dorothy Parkes Centre Ltd applied for the inter-faith element of the fund and received £4950. With this funding, the Centre plans to organise a series of ten 'culture cuisine' events involving a number of local faith groups. Drawing in a wide range of people, the different faith groups will participate by cooking typical dishes from their culture. They will explain the cultural and religious background to their cuisine and will all share food.

Heartland Youth for Christ applied for the capacity building element of the fund and received £4060. The grant will support a youth leaders' training course, mentoring for Greenhill Coalville youth group to build the leaders' capacity to work with young people who have learning difficulties and/or challenging behaviour, as well as visits to around 30 youth groups in the area to provide advice and carry out an overview of all youth activities in the region.

- CDF has also developed an evaluation strategy for the FCCBF, which will examine how community development methods and values are being used by faith and inter-faith groups to promote community cohesion. This will inform future policy in relation to faith groups and communities.
- Following our experience in managing both the Neighbourhood Support Fund (NSF) and FCCBF, we were appointed as grant administrators for Connecting Communities Plus, Community Grants in February 2006 by the Department for Communities and Local Government's (DCLG) Race Equality and Cohesion and Faiths Units.

The aim of the fund is to increase race equality and community cohesion. There is £1 million available a year for three years, for locally run and managed community and voluntary organisations.

Connecting Communities Plus, Community Grants

The fund has four key priorities, derived from 'Improving Opportunity, Strengthening Society', the government's strategy to increase race equality and community cohesion:

- A Improving the experiences of people from black and minority ethnic (BME) backgrounds in relation to access to and outcomes from public services – education, employment, health, housing and the Criminal Justice System
- B Increasing the confidence of people from BME backgrounds that public services are delivered in a fair and equitable way
- C Tackling racism and extremism
- D Bringing together communities from different races and faiths, and promoting a shared sense of belonging (community cohesion)

Community Action 2020

- CDF has also worked with the Department for Environment, Food and Rural Affairs (DEFRA), sitting on its stakeholder group for Community Action 2020 and advising on engaging the VCS in sustainable development practices.

CDF Wales

- CDF Wales supported the development of a strategic framework for community development in Wales. Community Development Cymru (CDC) is developing the framework involving stakeholders, partners and organisations across Wales, including CDF Wales. The strategic framework will provide a high profile policy framework for rethinking the role of community development in delivering policy and practice across Wales.

Scotland (SCDC)

- A programme of support to healthy living centres in Scotland has been initiated this year, funded by the Big Lottery Fund. It provides support through training, networking and advising on sustainability, and capturing lessons from their practice.
- The Community Health Exchange (CHEX) played an active role in the Scottish Executive's 'Community-Led: Supporting and Developing Healthy Communities Task Group'. This included substantial input into the development of a DVD, and case studies that demonstrate the importance of strong community engagement and community health activity in relation to health improvement and tackling health inequalities. As part of the task group work CHEX also contributed to the development of extensive research into evidence for community-led approaches to health improvement. The task group's work is to be formally presented to the Scottish Health Minister in the autumn and will form the basis of an action plan to influence central and local government policies and programmes.

CHEX

The Community Health Exchange (CHEX), the leading agency in Scotland's health sector, provides a resource in supporting community development approaches to health improvement and challenging health inequalities. It also facilitates a network of community health initiatives and works to support them in developing good practice and influencing health and social policies. For further information, go to www.chex.org.uk

- The 'Health Issues in the Community' training programme is being extended, with key materials being made available in minority languages, and a version being developed for deaf users.

European and International Unit

- This year, the European and International Unit continues to work with the DTI and associated working groups on gender equality, and to lobby through the Social Platform, which brings together more than forty European non governmental organisations, federations and networks, for the adoption of a community development approach to social cohesion and women's inclusion in the workforce.

4. Community involvement and the community development profession

Objective: Advising on systems for involving communities in service planning and in visioning for their areas.

The Scottish Community Action Research Fund (SCARF) enables local groups to undertake community-led research. Communities can use the funding to carry out their own research, develop their knowledge about their community, and improve skills and community capacity.

In 2005–06, SCDC funded a range of projects, including Mothers Against Drugs Care VI, from Ayrshire. Through support from SCARF, the group was able to carry out research to establish local people's views about drugs and services in their communities. Group members have developed their knowledge, skills, experience and confidence, and so have been able to present a business plan to the area's Alcohol and Drug Action Team, calling for the opening of a community rehabilitation centre.

- In Scotland, with the introduction of community planning that places participation and empowerment as an essential precondition of effective implementation, SCDC has developed, for Communities Scotland, National Standards for Community Engagement. These will help to develop and support better working relationships between communities and agencies delivering public services. It is hoped they will improve the quality and process of engagement by setting out key principles, behaviours and practical measures that underpin effective engagement.

The **National Standards for Community Engagement** have been developed with the involvement of over 500 people from communities and agencies throughout Scotland. They provide a practical tool to help improve the experience of all participants involved in community engagement and so achieve the highest quality of process and results. The Standards can be used in both formal and informal community engagement. A copy is available at www.communitiesscotland.gov.uk

- This year, working with the Academy of Sustainable Communities, the ODPM, Urban Forum, Planning Aid and the Royal Town Planners Institute, CDF organised a round table event. This brought together a large group of stakeholders with specific built environment interests to discuss the practice and principles of engaging communities within the built environment context and how to build community engagement into the sustainable communities built environment agenda.
- CHEX has five years' experience of supporting a network of community health projects and workers from the NHS, local authorities and projects which work to a community development model. It also manages the 'Health Issues in the Community' training programme, which has trained tutors across Scotland who can cascade the programme to a range of users, often lay health workers and volunteers.
- There is a high demand for CHEX's information services, with recent issues of the newsletter being widely requested, and the 'Snippets' email newsletter being greatly appreciated.
- Outside the UK, staff have presented papers on community engagement to the RAPID programme in Ireland, and have worked with the States of Jersey to explore how to implement their community engagement policy objective through working with communities.
- This year, a much wider pool of practitioners is involved more loosely in the Practice Links programme and network. This enables the practitioners to come together for themed workshops and networking opportunities, as well as receiving targeted information from Practice Links.
- CDF also continues to be a partner in the Community Sector Coalition, the UK umbrella network representing over 30 national membership organisations active within the community sector. The network aims to promote a community development perspective based on members' experiences, and to influence national policy.
- CDF's consultancy service provided capacity building support to the Crown Prosecution Service's (CPS) three community engagement pilot projects and two similar pilots at the Office of Criminal Justice Reform (OCJR). CDF supported both organisations in improving the way they engage and involve communities using a community development approach. CDF also supported the CPS in developing a good practice community engagement toolkit to be rolled out across the Service's 40 areas in England and Wales. CDF will be undertaking evaluation of the pilots in June/July 2006.
- CDF is also represented on two Joseph Rowntree Foundation (JRF) advisory groups concerned with community activity and engagement at local levels. As a result, both groups have a community development element to discussion, development and strategy.
- CDF has also been a member of the Home Office's advisory group on the Action Learning for Active Citizenship (ALAC) programme.

5. Neighbourhoods and civil renewal

Objective: Exploring and enhancing ways of strengthening neighbourhood relations,

citizenship and social networks, showing their contribution to public issues such as safety and social capital.

- In support of the government's emerging policy of neighbourhood empowerment, CDF organised a Neighbourhoods Governance Conference in March 2006 to explore the potential role of local government, community groups and organisations, neighbourhood forums and committees. Speakers included representatives from the then Office of the Deputy Prime Minister (ODPM), the Young Foundation, CDF and the Home Office. The conference raised the awareness of the importance of strengthening neighbourhood relations and its impact on other government initiatives.
- CDF also continued to support the Office of the Deputy Prime Minister's (ODPM) work on neighbourhoods by contributing to its Neighbourhood Governance Working Group, which aims to produce a neighbourhoods strategy by summer 2006.
- A neighbourhoods game was devised by two CDF associates, Drew Mackie and David Wilcox, to help kick-start discussions around neighbourhoods. The game was test-run by a range of stakeholders, including residents from several neighbourhoods in west London, local authorities, public agencies, the ODPM, community development practitioners and consultants and policy think tanks including Demos and the Young Foundation. It provides a starting point from which a range of stakeholders can exchange ideas and experiences.
- CDF has contributed to several initiatives on the theme of citizenship and civil renewal, including serving on the Home Office cross-departmental task group on citizen participation. Involvement in this task group gives CDF the opportunity to influence policy and ensure that community development values and practices are integrated into government thinking.
- CDF published *High Life: Making tower blocks better places to live* (by Chris Church and Toby Gale) on behalf of the Sustainable Tower Blocks Initiative, which was facilitated by CDF and Groundwork UK. The publication offers residents of tower blocks practical advice on how they can work together to improve the conditions of their homes, with limited outside help and without spending large amounts of money.
- CDF, in partnership with Urban Forum, produced the third edition of the LSP Guide. The guide aims to help community and voluntary organisations and representatives get involved in the work of Local Strategic Partnerships (LSPs) and includes the latest policy changes. The guide was sponsored by the Home Office and the ODPM's Neighbourhood Renewal Unit. It has been a popular, well selling publication with a wide audience and continues to provide up to date information.
- CDF acted as a consultant for Dominion Housing Group and its residents to review the group's community development activities and support the development of an assessment tool for monitoring their impact and value. The consultancy provided CDF with a firm foundation on which to build future consultancy services.
- CDF sat on the advisory committee for the Young Foundation's major research project on *Transforming Neighbourhoods*, to ensure it included a community development perspective. This partnership worked well and led to the Young Foundation's contribution to our neighbourhood conference.

CDF's Communications and Services review

National training programme

CDF's training programmes operate in England and Wales, and Scotland, providing participants with up-to-date thinking and experience of a range of topics. We increasingly find that these courses are being purchased as in-house programmes for partnerships or organisations. This year we ran successful courses from our 'From Principles to Practice' national training programme in England and Wales.

We have provided more than 20 sessions, either as commissioned training or conference workshops, on a range of subjects including 'community development workers and local strategic partnerships', 'social enterprise' and 'issues in community development'.

A similar programme, 'Doing it Better', runs in Scotland. It offers courses or workshops on a range of themes including partnership working, planning and evaluation, capacity building, community development theory and practice, and participation and research. We have found that many of the courses are being requested as in-house programmes by local authority departments, community planning partnerships or other agencies.

In-house training and consultancy

CDF's consultancy work is rooted in the direct experience of community development practitioners working in the public, community and voluntary sectors. As a non-departmental public body we ensure that all work undertaken is informed by emerging political priorities and policy implementation developments at both local and national levels.

CDF's in-house training and consultancy unit has provided community development consultancy in areas such as:

- Neighbourhood regeneration;
- Community development and health;
- Patient and public involvement for primary care trusts (PCTs);
- Community development and health;
- Strategic development and planning.

Publications

CDF is one of the leading publishers on community development in the UK. We publish a range of products, from research reports for policy makers to step by step guides for community groups and activists.

The work we produce is written in-house and supported by a pool of experienced writers from the field, who bring their own considerable experience of policy and practice.

Highlights

Our publications distribution increased in 2005–06 by 48% over the previous year. We are particularly pleased that in our final year of the Neighbourhood Support Fund programme we were able to distribute well over 6000 copies of four new titles free of charge to groups and partnerships.

Titles published in 2005-06 include:

- Community Development and Networking
- ‘Getting Our Act Together’... in Community Development and Health: A local training handbook
- High Life: Making tower blocks better places to live
- Including the Excluded: From practice to policy in European community development
- Whatever happened to Social Europe?
- Strengthening Communities: A guide to capacity building for communities and the public sector

We published *Getting Our Act Together ... in Community Development and Health: A local training handbook*, by David Allen, training manager of our CHEX (Community Health Exchange) project. Extensively tested with practitioners, this handbook explains the theory, values, context and practical application of community development to tackling health inequalities and health improvement. Case examples show how the handbook’s approach has worked in practice.

It guides community health practitioners, who often work on their own, to develop training exercises and formats with colleagues and partners across other sectors.

CDF also developed an online shopping basket to improve customer accessibility to our publications.

Communications

Communications is an important component to the success of all organisations. In 2005, CDF took the decision to increase its public profile and so employed a Communications Manager to develop and support implementation of an internal and external communications strategy for CDF.

Highlights

- Updated and improved www.cdf.org.uk, resulting in a two-fold increase in registered users
- Launched an intranet for staff
- Developed a press office to build relationships with the press interested in community development issues

- Undertook a communications audit
- Developed a crisis communications and business continuity strategy
- Produced regular issues of CDF News, keeping our 1500 readers up to date with key developments in the organisation
- Improved the organisation's marketing structures
- Produced the internal staff bulletin and support to internal communications

Marketing

Marketing is also becoming more important to CDF as we increase our awareness of the field's wants and needs, and try to fulfil them more effectively than we have done in the past. As a result, in January 2006 we employed a Marketing and Information Officer.

Highlights

- More effective targeting of CDF's services and income generation
- Acquisition of improved Local Government database systems to support central marketing functions
- Weekly information updates on current policy issues covered by media

Financial review and results for the year (2005-06)

CDF's core work is paid for by grant-in-aid from the sponsoring government department, and this is supplemented by income brought in through the sale of books, through contracts with other government departments, conferences, training courses, research contracts and consultancies. All such income-generating work has to be in line with current work objectives.

This year we have implemented significant changes to the disclosure made in the annual accounts as required by the new Charities Statement of Recommended Practice issued during 2005. In particular this has meant changing the format of the Statement of Financial Activities and related notes to an activity-based presentation allocating our support costs between our various funding activities. In addition, we have included a remuneration report in order to meet new guidelines stated in the financial reporting manual (FReM) issued by HM Treasury. The remuneration report replaces notes previously included in the financial accounts on Chief Executives and Trustee's expenses.

The CDF financial accounts show incoming resources of £14.899 million in the year. The Home Office provided grant-in-aid funding of £1.46 million for the year. In addition CDF received restricted funding of £11.99 million of grants for specific projects from a number of organisations. These included £6.8 million from the Home Office for the Faiths Communities Capacity Building Fund (FCCBF) and Community Anchor Support Fund and £4.48 million from the Department for Education and skills for the Neighbourhood Support Fund (NSF). Additionally CDF received £218k in consultancy fees, £164k for training services provided, £373k return on investments of which £201k is restricted to the FCCBF. CPF Trust the wholly owned subsidiary of CDF exchanged its Highbury building for Unit 5 Angel Gate for a surplus of £412k.

During the year CDF has disbursed £14.93 million to support the objectives of the Charity. Expenditure on restricted programmes accounted for £12.8 million including grants of £8.05 million to fieldwork projects of FCCBF and NSF projects that form those programmes with a further £232k paid to umbrella groups supporting NSF. Restricted expenditure also included £226k and £178k for the CHEX and Standards programmes further advancing community development within Scotland. CDF returned £3.1 million of the Community Anchor Support Fund grant received with additional interest to the Home Office during the year.

CDF also had £2.1 million of unrestricted expenditure in the community sector. This included £961k of fee producing activities such as training and consultancy as well as expenditure on practice and policy development, including dissemination costs of £1.1 million.

Summary of financial review for the year

CDF consolidated	Unrestricted	Restricted	Total
Net Incoming Resources	2,643,022	12,256,107	14,899,129
Net expenditure	2,146,621	12,780,363	14,926,984
Net Movement of Funds	496,401	(524,256)	(27,855)

The consolidated Statement of Financial Activities (SOFA) on page 50 shows a net deficit of £27,585 (2004- 05: surplus of 424,743). The SOFA shows net movement on unrestricted funds of £496,401 (2004 – 05: £285,734). The unrestricted net movement of funds includes a £412,521 surplus on the exchange of 60 Highbury Grove for Unit 5 Angel Gate. The deficit on unrestricted movement of funds is £524, 256 (2004 – 05: a surplus of 139,000). The restricted deficit is funded by balances brought forward from 2004 – 05 and there are no material deficits in the unrestricted funds at 31 March 2006.

Financial Position

The consolidated Balance Sheet on page 51 shows Net Assets at 31st March 2006 of £4,565,393 (2005: £4,593,248).

Disclosure of audit information to the auditors

So far as the Accounting Officer is aware, there is no relevant audit information of which the Community Development Foundation auditors are unaware. The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the Community Development Foundation auditors are aware of that information.

Supplier payments

As a Non Departmental Public Body (NDPB), CDF is required to make payments to suppliers within 30 days or in compliance with the terms of the particular contract. In the year CDF paid 90% of invoices on time. No interest was paid in respect of Late Payment of Commercial Debts (Interest) Act 1998.

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 reflecting Trustee policy. The current Trustee policy in relation to reserves is to maintain a sum in reserves equivalent to shut-down costs, which is five months operating costs minimum, to ensure that there are sufficient funds available to meet the financial commitments of CDF. Other reserves are to deal with underlying gaps in operating costs and are part of the Trustee strategy in relation to operating costs. The Trustees review the reserves policy annually.

The cessation reserve has been increased this year to ensure that they will meet 6 months operating costs. General redundancy has been designated funds to ensure there are sufficient to meet CDFs obligations should they arise. The Loans and Fixed Assets reserve

which represents an amount loaned to CPF Trust limited to assist in the acquisition of the Headquarters building together with a fund representing the book value of fixed assets has increased to reflect the true value of loans and assets within CDF. The specific reserve has increased in line with our operating commitments.

Investment policy

The current investment policy is maximising return within a low risk strategy. In view of the current economic situation our policy has been to earn interest by placing cash on short-term deposit rather than in long-term property or share arrangements. This is kept under annual review to ensure value for money. The average return on investments for the CDF during the year was 4.21%.

Employees

Staff Levels

Staff levels in CDF increased from 57 at the end of March 2005 to 64 at the end of March 2006.

A number of new projects led to this increase in staff. These included:

- LEAP in Scotland (three new full-time Project Manager posts, a part-time Information Officer/Web Editor and a full-time, seconded Senior Development Officer).
- Healthy Living Centre Resource Unit, an additional unit recruited as part of CHEX. (Two new posts – full-time Senior Development Officer and part-time Administrator.)
- SCDC, creation of a part-time Development Manager: Research and Practice.
- Faith Communities Capacity Building Fund created three new posts.
- The Training and Consultancy Unit expanded from two posts to three.

We also had two members of staff seconded to the Home Office, which led to the recruitment of a part-time Director of Policy and Research and the retention of the maternity cover for the Practice Links Manager, South.

Finally, CDF has had five maternity leave absences, three of which were filled from outside CDF: the Chief Executive, the Finance Director and the Regional Links Manager. The other two posts were not filled.

Staff conference

In 2005–06, our annual two-day staff development conference was held in Ayr, Scotland. The theme was ‘Building the CDF team to deliver CDF’s mission’, with a focus on engendering a corporate identity and improving communications across the organisation.

A planning team, drawn from among the staff complement, developed the programme. In response to staff comments from previous conferences, the programme included a mix of fun teamwork activities, social activities and community development project visits, as well as joint sessions to allow for discussion between staff members.

All staff members were invited and more than 50 attended. Ten associates acted as session facilitators.

Quarterly staff meetings have also been held, giving all staff the opportunity to come together to discuss, learn and share.

Departmental Teams also meet regularly, including the Directorate, who meet on a monthly basis.

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. Further, no job applicant or employee should be disadvantaged by conditions or requirements which have a disproportionately adverse effect on people in these categories and which cannot be shown to be justifiable on other grounds.

Selection criteria and procedures are reviewed frequently to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities.

A CDF-wide Equalities scheme has been produced, and will be monitored by the Equal Opportunities Strategy Group. This covers all areas of activity and functions and has been endorsed by the Trustees' Equal Rights Group. This group meets twice a year to discuss equalities issues.

Associates

During 2005–06, CDF worked with a network of 40 associates who bring considerable experience of policy and practice work to the organisation. They were involved in conducting pieces of research, writing publications, acting as consultants for external clients, and training on our national training programme.

Through our work on the Faith Communities Capacity Building Fund and Connecting Communities Plus, Community Grants, we have also employed approximately 25 people to provide a range of knowledge and expertise.

Remuneration Report

The remuneration of the CEO and CDF directorate employees is based on CDF pay bands and job evaluation structure. CDF pay bands are reviewed annually by analysing several Government Departments pay structures and salary rates in the Voluntary Community Sector as set out in the Salary survey published by Celre. The two sources are amalgamated to produce an average which forms the basis of CDF pay bands. The Finance Committee recommend the pay award to the Chief Executives which is submitted to the sponsoring Department for approval.

Chief Executive

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

	Salary	Pensions
S Benioff	57,411	12,960*
A Seabrooke	23,482	6,470*

*This is the value of the estimated full pension

S Benioff took maternity leave in November 2005 and A Seabrooke was appointed interim Chief Executive.

S Benioff's contract is permanent and open ended until she reaches 65. A Seabrooke's is currently contracted until May 2007. There is no compensation to former senior managers. There are no awards in respect of early termination except for redundancy. No fees were paid to a third party for the services of a senior manager.

Trustees or connected persons receive no remuneration in respect of their services. Trustees received reimbursement of expenses amounting to £4,184 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. The Growth Plan is a money purchase type of pension scheme where the employee's 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 a broad estimate of their protected pension.

We are contracted in to the State Earnings Related Pension Scheme (SERPS), so staff pay the higher rate of National Insurance contributions and build up an extra earnings related state pension, payable at state retirement age.

Life assurance and permanent health insurance

Staff are covered by two non-contributory insurance schemes. The Life Assurance Scheme provides a four times salary death benefit for death in service, and the Permanent Health Insurance Scheme provides 75% of salary (less any state benefits) after 26 weeks' continuous sickness absence. Both are subject to the rules of the insurance companies providing the schemes.



Sarah Benioff
Chief Executive and Accounting Officer
22 November 2006



Chairman
22 November 2006

We believe that CDF has a sound financial basis upon which to build for the future. We have three aims:

Aim A

Stronger Communities and Community Sector

To ensure that communities become more capable of controlling their own circumstances and that the community sector is better able to play a constructive role in society.

Objectives:

- Strengthen, empower and regenerate communities.
- Strengthen the position, effectiveness and influence of community development practitioners.
- Spread community development in Europe and internationally.

Aim B

Cohesive Communities

To improve and increase the capacity and capability of communities to manage diversity and resolve conflicts.

Objectives:

- Build the capacity and networks of grass roots groups, to aid their contribution to community cohesion.
- Improve the knowledge and understanding amongst policy makers and practitioners of the complex issues affecting community cohesion.
- Include the excluded, using community development approaches.

Aim C

Engaged Communities

To increase the ability of individuals and communities to participate effectively in local decision-making, in order to improve public service delivery, strengthen democratic processes and deliver sustainable communities.

Objectives:

- **Champion community engagement and participatory approaches, practices and benefits.**
- **Embed the practice, quality and understanding, of community engagement standards across the sectors.**
- **Promote and encourage greater civic engagement and community participation.**

To achieve these aims and objectives CDF will:

- **Develop policy by providing policy makers 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 to enable local and regional engagement in the delivery of public programmes and regional activity.**
- **Transfer knowledge by building the collective identity and strengths of the majority of community development workers, and supporting other community practitioners and stakeholders by providing theoretical and practical materials that meet the current needs of practice and policy.**

All our activities for the coming three years are planned under the following outcome-related activities:

- **Research, evaluation and knowledge sharing**
- **Briefings and publications**
- **Training and consultancy**
- **Conferences/seminars/events**
- **Grants management programme**
- **Projects**
- **Partnerships and networks**
- **CDF Wales**
- **Scottish Community Development Centre (SCDC)**

For more information about our three-year strategic plan, go to www.cdf.org.uk

Board of Trustees (as of 31 March 2006)

Chair: Tom Levitt MP
Suhail I. Aziz
Mavis Best MBE
Liz Bickerton (appointed January 2006)
Lynne Featherstone MP (appointed January 2006)
Michael Hamilton
Abdul Ismail
Jagwant Johal
Peter Latchford
Professor Ruth Lister CBE
Stewart Murdoch (appointed January 2006)
Andrew Robinson MBE
Andrew Selous MP
Alison Wightman (appointed January 2006)
Hilary Willmer

Trustee retirements

Colin Williams (December 2005)
Avila Kilmurray (March 2006)
Paul Burstow (March 2006)
Dr. Gareth Jones (resigned July 2005)

Co-Chief Executives

Sarah Benioff (on maternity leave from November 2005) and Alison Seabrooke (appointed November 2005)

Professional Advisers

Solicitors

Royds Solicitors
2 Crane Court
Fleet Street
London EC4A 2BL

Bank

NatWest Commercial Banking
Cavell House
2A Charing Cross Road
London WC2H 0NN

Auditors

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

CDF's Offices**Head Office**

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

Policy and Research, Training and Consultancy,
Publications, European and International Unit,
Women Connect, Communications, Information,
Human Resources and Finance

CDF North

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

Practice Development, Practice Links North

CDF South

Wayland Business Centre
61 Western Road
Hove BN3 1JD
Telephone: 01273 718005
Fax: 01273 711707
Email: sacramenta.rodrigues@cdf.org.uk

Practice Links South and Midlands

CDF in Cambridge

The Michael Young Centre
Purbeck Road
Cambridge CB2 2PF
Tel: 01223 400 332
Fax: 01223 400 329
Email: fundingadmin@cdf.org.uk

Grants administration

CDF in Scotland

Scottish Community Development Centre
(SCDC)
Suite 305 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,
Community Health Exchange (CHEX), LEAP
Support Unit

CDF in Wales

53 Mount Stuart Square
Cardiff Bay
Cardiff CF10 5LR
Tel: 02920 481 600
Fax: 02920 470 213
Email: wales@cdf.org.uk

Policy, Practice Links Wales, Training and
Consultancy

Projects

Community Health Exchange (CHEX) Scottish Community Development Centre

Suite 305 Baltic Chambers
50 Wellington Street
Glasgow G2 6HJ
Tel: 0141 248 1990
Fax: 0141 248 4938
Email: chexadmin@scdc.org.uk
Website: www.scdc.org.uk

Faith Communities Capacity Building Fund (FCCBF)

The Michael Young Centre
Purbeck Road
Cambridge CB2 2PF
Telephone: 01223 400 341
Fax: 01223 400 329
Email: fundingadmin@cdf.org.uk
Website: www.cdf.org.uk

Connecting Communities Plus, Community Grants

The Michael Young Centre
Purbeck Road
Cambridge CB2 2PF
Telephone: 0223 400 343
Fax: 01223 400 329
Email: ccplus@cdf.org.uk

Neighbourhood Support Fund (NSF)

The Michael Young Centre
Purbeck Road
Cambridge CB2 2PF
Telephone: 01223 400 330
Fax: 01223 400 329
Email: nsf-admin@cdf.org.uk
Website: www.nsfund.org.uk

European and International Unit/ACED/

Community Development Foundation
Unit 5, Angel Gate
320?326 City Road
London EC1V 2PT
Tel: 020 7833 1772
Fax: 020 7837 6584
Email: sue.webb@cdf.org.uk
Websites: www.cdf.org.uk and www.aced-eu.org

Coventry Office

28b Earlsdon Street
Coventry CV5 6EJ
Tel: 0247 667 3823
Websites: www.cdf.org.uk and www.aced-eu.org

Women Connect

Community Development Foundation
Unit 5, Angel Gate
320?326 City Road
London EC1V 2PT
Tel: 020 7833 1772
Fax: 020 7837 6584
Email: info@womenconnect.org.uk
Website: www.womenconnect.org.uk

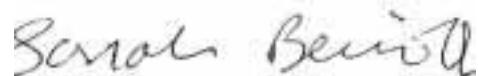
Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 for England and Wales, the Secretary of State for the Home Office 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 must give a true and fair view of the state of affairs of CDF and of its net resource outturn, resources applied to objectives, 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 the Treasury 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; and
- prepare the accounts on a going concern basis.

The HM Treasury Accounting Officer for the Home Office has designated the Co- Chief Executive, S Benioff, 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 the CDF's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Government Accounting.



Sarah Benioff
Chief Executive and Accounting Officer
22 November 2006

Statement of 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, whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to us in Government Accounting and the requirements laid down by the Home Office 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 2006 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 the Trustee level and appropriate actions taken when necessary. During this financial year a high level risk register was developed which identifies 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:

- The development of a corporate plan; vision, mission, strategic aims and objectives have been reviewed enabling a new three year work plan (2006 – 2009) to be produced, against which resources have been identified. This corporate work also included a review of CDF's charitable objects. 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 every four weeks to consider the plans and strategic direction of the organisation, including the high level risk register. This team includes the Chief Executive, Director of Finance, the Human Resources Manager and five service Directors. Other staff attend on an occasional basis to observe and contribute.
- Reports to the Finance and Audit Committee and to the full Trustee board on financial and performance systems of internal control. In the financial year beginning April 2007 a Trustee Human Resources Committee was also established and this will also be part of the risk management process. Systems have been subject to external assessment every five years, through a Quinquennial Review.
- Historically the Chief Executive and Director of Finance reported to Trustees regarding internal controls and systems and assessed these on a continuous basis. However, given the growing importance of corporate governance, the need for internal audit was recognised during 2004-05. Therefore the Home Office conducted an internal audit during the year. As CDF is not large enough to warrant having its own in-house internal audit function, this audit will continue to be contracted out in future years.
- Progress was made with the standard Financial Memorandum of Understanding and Management Statement, which were then agreed with the Home Office in the financial year 2006 – 2007.
- For groups and umbrella groups that receive funding administered by CDF on behalf of the Department for Education and Skills, such as the Neighbourhood Support Fund and Faith Communities Capacity Building Fund, a member of the finance team is 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. 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 to Trustees.
- Reports are produced by the Chief Executive on internal control activities for other staff, for Trustees and for the sponsor department.
- Where appropriate, reports are produced on compliance with key government recommendations. Work is under way in relation to adapting CDF's IT system to deal with the Cabinet Office report Successful IT: Modernising Government in Action.

- The Audit Committee was convened in 2004-5. It has been responsible for dealing with 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 the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors and other reports.

Whilst purchase order system compliance has improved over the past year we continued to observe that on some occasions budget holders committed CDF to expenditure prior to completing a valid purchase order requisition. This could have exposed CDF to obligations it could not meet or which were for unauthorised purposes. A plan to address weaknesses is in place following the Home Office Audit and Assurance Unit's reviews and both Chief Executive and Finance Director have impressed this requirement upon staff. In addition although Trustees are requested to declare any interests, CDF placed itself at risk of fraud by not requesting staff to declare any related party interests or transactions. A staff register of interests has now been established.



Sarah Benioff
Chief Executive and Accounting Officer
22 November 2006



Chairman
22 November 2006

Community Development Foundation

*The certificate of the Comptroller and
Auditor General to the Houses of Parliament*

I certify that I have audited the financial statements of Community Development Foundation for the year ended 31 March 2006 under the Government Resources and Accounts Act 2000 as amended by Statutory Instrument 2003 No. 1326. These comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Board of Trustees, the Director, and auditor

The Board of Trustees and the Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Charities Act 1993 and with the directions made by the Secretary of State for the Home Office there under and for ensuring the regularity of financial transactions funded by Parliamentary grant ("Grant in Aid"). These responsibilities are set out in the Statement of Board of Trustees' and the Accounting Officer Responsibilities.

My responsibility is to audit the financial statements 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 with the directions made by the Secretary of State for the Home Office thereunder. 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. I also report to you if, in my opinion, the Trustees' Annual Report is not consistent with the financial statements, 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 pages 43-46 reflects the Community Development Foundation's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Trustees' and Accounting Officer's statements on internal control cover 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, which includes the unaudited part of the Remuneration Report and the Management Commentary, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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 the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Community Development Foundation and the group 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 by the Secretary of State for the Home Office, of the state of the Community Development Foundation's and the group affairs as at 31 March 2006 and of the incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made by the Secretary of State for the Home Office thereunder; and

- in all material respects the expenditure, income and resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



John Bourn
Comptroller and Auditor General
28 November 2006

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

The maintenance and integrity of the CDF's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.



Statement of financial activities

Consolidated statement of financial activities for the year ended 31 March 2006

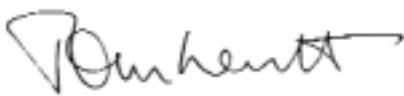
	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2005/6 £	Total Funds 2004/5 £ Restated
INCOMING RESOURCES FOR THE YEAR					
Incoming resources from Generated Funds					
Voluntary Income		1,443,622	33,378	1,477,000	1,414,005
Investment Income		172,657	200,922	373,579	170,852
Incoming resources from Charitable Activities		569,530	12,021,807	12,591,337	7,404,406
Other incoming resources		457,213	0	457,213	0
Net Incoming Resources	2	2,643,022	12,256,107	14,899,129	8,989,263
RESOURCES EXPENDED FOR THE YEAR					
Charitable Activities		2,056,176	12,780,363	14,836,539	8,432,582
Governance Costs		90,445	0	90,445	131,938
Net Expenditure	3/4	2,146,621	12,780,363	14,926,984	8,564,520
Notional Costs	6	(160,276)		(160,276)	(152,439)
Net Incoming Resources		336,125	(524,256)	(188,131)	272,304
Reversal of Notional Costs		160,276		160,276	152,439
Net incoming resources before transfers		496,401	(524,256)	(27,855)	424,743
NET MOVEMENT ON FUNDS		496,401	(524,256)	(27,855)	424,743
Fund balances brought forward at 1 April 2005		2,662,962	1,930,286	4,593,248	4,168,505
Fund balances carried forward at 31 March 2006		3,159,363	1,406,030	4,565,393	4,593,248

The notes on pages 59 to 80 form part of these financial statements. The Charity has no recognised gains or losses other than the net movement in funds for the year. The incoming resources and resulting net movement in funds in each of the financial years arise from continuing operations. There were no discontinued operations or acquisitions in the year.

Consolidated balance sheet as at 31 March 2006

	Notes	2006 £	2005 £
Fixed Assets			
Tangible Assets		1,024,878	395,536
Intangible Assets		57,951	318
Total Fixed Assets	9	1,082,829	395,854
Current Assets			
Debtors	11	325,932	1,960,597
Investments	27	6,346,765	9,532,774
Cash at bank	27	70,450	45,474
Total Current Assets		6,743,147	11,538,845
Liabilities			
Creditors: Amounts failing due within one years	14	3,260,583	7,341,451
Net Current Assets		3,482,564	4,197,394
Total Assets less current liabilities		4,565,393	4,593,248
Net Assets		4,565,393	4,593,248
The Funds of the Charity			
Restricted funds	19	1,377,534	1,901,790
Unrestricted funds	17/20	3,187,859	2,691,458
Total Charity Funds		4,565,393	4,593,248

The notes on pages 59 to 80 form part of these financial statements.
The accounts were approved by the Trustees and Chief Executive
on 22 November 2006 and were signed on their behalf by:



Chairman



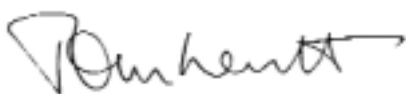
Chief Executive

Community Development Foundation's balance sheet as at 31 March 2006

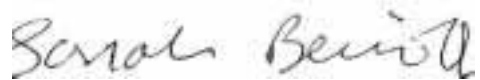
	Notes	2006 £	2005 £
Fixed Assets			
Tangible Assets		269,028	72,536
Intangible Assets		57,951	318
Total Fixed Assets	10	326,979	72,854
Current Assets			
Debtors	12/13	617,309	2,231,788
Investments	27	6,346,765	9,532,774
Cash at bank	27	70,450	45,474
Total Current Assets		7,034,524	11,810,036
Liabilities			
Creditors	15	3,259,583	7,340,594
Net Current Assets		3,774,941	4,469,442
Total Assets less current liabilities		4,101,920	4,542,296
Net assets		4,101,920	4,452,296
Funds			
Restricted funds	19	1,377,534	1,901,790
Unrestricted funds	18/20	2,724,386	2,640,506
Total funds		4,101,920	4,542,296

The notes on pages 59 to 80 form part of these financial statements.

The accounts were approved by the Trustees and Chief Executive on 22 November 2006 and were signed on their behalf by:



Chairman



Chief Executive

Consolidated cashflow statement for the year ended 31 March 2006

	Notes	2006 £	2005 £
Net cashflow from operating activities	25	(4,167,492)	5,713,358
Capital expenditure and financial investment			
Purchase of fixed assets	10	(309,172)	(26,675)
Net cash inflow (outflow) on capital expenditure and financial investment		(4,476,664)	5,686,683
Financing			
Cash inflow (outflow) from short term deposits	27	3,186,009	(5,587,456)
Net cash inflow (outflow from financing)		3,186,009	(5,587,456)
INCREASE (DECREASE) OF CASH IN YEAR		(1,290,655)	99,227

The notes on pages 59 to 80 form part of these financial statements.

1. Basis of accounting and accounting policies

Basis of accounting

The Financial statements set out on pages 50 to 53 together with the Notes on pages 54 to 78 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 Treasury in accordance with Sections 41 and 42 of the Charities Act 1993 (The Charities Accounts and Reports) Regulations 2005 (2005 No. 572). The Regulations are supported by a Statement of Recommended Practice “Accounting and Reporting by Charities” (revised 2005) and applicable accounting standards. Where applicable, comparative results have been restated to comply with SORP 2005 but these restatements have had no effect on the funds brought forward at the start of the year. 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.

Fund Accounting

The reserves have been allocated to separate funds and future application.

Designated funds (see note 17 and 21)

a) Loan and Fixed Assets

This represents an amount loaned to CDF Trust Limited to assist in the acquisition of the Headquarters’ building together with a fund representing the book value of fixed assets.

b) Specific Reserve

This represents a number of initiatives as follows:

	£
Staff Development	31,531
Maternity Coverage	22,224
Strategic Development	62,719
Operating Commitments	278,740
Policy and Practice Development	222,661
Developing Consultancy Services	28,274
Publications, Research and Information Services	49,575
Pay and Grading Review	360,862
CPF Trust	463,473
Total	1,520,059

c) General redundancy

This is in recognition of the commitment that the Foundation has to make redundancy payments on the closure of projects together with a reserve for possible future voluntary and/or compulsory redundancies of staff. In recognition of these obligations regular appropriations are made where necessary.

D) Cessation reserve

The sum of £760,000 has been set aside to meet 6 Months financial operating obligations of the group should it face cessation.

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 the Home Office is recorded in the Statement of Financial Activities in the year for which it relates, after a grant letter has been received stating the group is entitled to the Grant In Aid and the amount is clearly stated. In the SOFA the grant has been allocated to the group's activities in the same proportion as in the latest Trustee approved budget.”

Donations

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

Deferred Income

Capital expenditure on restricted assets is deferred as a liability in the balance sheet and assigned to the appropriate funds on the basis of the asset usage over its life.

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 activities of the group; Cohesion and Diversity, Indicators and Evaluation, Informing Public Bodies, Community Involvement, Neighbourhoods and Civil renewal.

For the Neighbourhood Support Fund grants are administered for the Department for Education and Skills, (DFES). These Grants are recorded in the Statement of Financial Activities in the period when they are paid out to the respective Groups and Umbrellas who receive funding for the Neighbourhood Support Fund.

Faith Community Capacity Building Fund grants are administered for the Home Office. These grants are recorded in the Statement of Financial Activities at the time a constructive obligation arises.

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.

Liquid Resources

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

Liabilities

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

Deferred Income charges are made to spread the cost of assets purchased for restricted funds over the life of the restricted fund.

Bad Debt Provision

Bad Debt provisions are made for debtors when there is a probable likelihood that they will not be recovered. This is usually determined as follows:

- 25% of publications debtors greater than 1 month
- 50% of publications debtors greater than 3 months
- 100% of debtors greater than 6 months

Fixed Assets

Fixed assets are included for assets greater than £100, which are held for continuing use by the group. They are held at historic cost and depreciated on a straight-line basis over their estimated useful lives as follows:

Computers, Furniture and Equipment	4 years
Intangible Assets	4–10 years
Structural Fixtures and Fittings	10–20 years
Freehold Land and Buildings	50 years
Leasehold Land and Buildings	50 years

There has been no revaluation of assets in 2005–06 or earlier years as the group does not have a policy of revaluation. Depreciation is calculated both in year of purchase and year of disposal.

Finance and Operating Leases

Costs in relation to operating leases are charged to the Statement of Financial Activity over the life of the lease. There were no finance leases.

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.

2. Net incoming resources

	Grant	Other in aid	Other Grants	Total	Total 2005/6
2004/5	£	£	£	£	£
					Restated
Unrestricted Incoming Resources					
Donations and sponsorships	0	0	19,000	19,000	5
Management and Administration	481,127	0	18,199	499,326	496,629
Cohesion and Diversity	226,297	12,317	34,517	273,131	311,800
Indicators and Evaluation	202,590	16,620	29,222	248,432	282,870
Informing Public Bodies	182,453	12,886	45,346	240,685	280,687
Community Involvement	196,912	54,159	323,238	574,309	596,460
Neighbourhoods and Civil Renewal	135,243	0	23,025	158,268	262,795
Unrestricted Incoming Resources	1,424,622	95,982	492,547	2,013,151	2,231,246
Restricted Incoming Resources					
Big Lottery Fund	0	0	0	0	19,770
Greenspace Scotland	0	30,125	0	30,125	0
Community Fund	0	0	0	0	103,909
Community Learning Scotland	0	0	0	0	32,791
Community Scotland	0	215,998	0	215,998	220,855
Department for Education and Skills	0	4,448,425	0	4,448,425	5,620,437
Home Office	33,378	6,800,000	0	6,833,378	32,127
European Social Fund	0	0	0	0	118,366
NHS Scotland	0	396,122	0	396,122	316,860
Other income	0	0	131,138	131,138	122,050
Restricted Incoming Resources	33,378	11,890,670	131,138	12,055,186	6,587,165
Activities in Furtherance of the Charity's Objects	1,458,000	11,986,652	623,685	14,068,337	8,818,411

Investment Income

	Grant in aid £	Other Grants £	Other £	Total 2005/6 £	Total 2004/5 £
Unrestricted Resources					
Interest Receivable	0	0	172,657	172,657	170,852
Restricted Resources					
Interest Receivable	0	0	200,922	200,922	0
Activities for Generating Funds	0	0	373,579	373,579	170,852

Other Incoming Resources

	Grant in aid £	Other Grants £	Other £	Total 2005/6 £	Total 2004/5 £
Unrestricted Resources					
Surplus on Exchange of Buildings (Note 7)	0	0	412,521	412,521	0
Recovery on staff seconded	0	0	44,692	44,692	0
Unrestricted Resources Incoming Resources	0	0	457,213	457,213	8,989,263
NET INCOMING RESOURCES	1,458,000	11,986,652	1,454,477	14,899,129	8,989,263

The Grant In Aid for the year to 31 March 2006 was £1,458,000.

3. Net expenditure for the year

Analysis of Resources Expended

	Activities Undertaken Directly £	Grant funding of Activities £	Support Costs £	Total 2005/6 £	Total 2004/5 Restated £
Cohesion & Diversity	281,476	668,112	161,751	1,111,339	503,457
Indicators & Evaluation	410,803	0	160,503	571,306	385,490
Informing Public Bodies	3,965,346	7,381,125	236,177	11,582,648	5,983,832
Community Involvement	1,129,019	0	139,024	1,268,043	1,180,834
Neighbourhood & Civil Renewal	185,657	0	117,546	303,203	378,969
	5,972,301	8,049,237	815,001	14,836,539	8,432,582
Governance	90,445	0	0	90,445	131,938
	6,062,746	8,049,237	815,001	14,926,984	8,564,520

Analysis of Grant funding of Activities

	Grants to institutions £	Grants to Individuals £	Total 2005/6 £	Total 2004/5 £
NSF	4,708,677	0	4,708,677	5,010,636
Faiths	3,340,560	0	3,340,560	0
	8,049,237	0	8,049,237	5,010,636

A list of recipients of grants is available on the CDF website.

Analysis of Support Costs

	Management £	Facilities and IT £	Finance £	Human Resources £	Total 2005/6 £	Total 2004/5 Restated £
Cohesion & Diversity	37,133	51,140	34,131	39,347	161,751	90,836
Indicators & Evaluation	37,140	48,506	34,131	40,726	160,503	88,275
Informing Public Bodies	59,375	72,207	54,609	49,986	236,177	81,985
Community Involvement	29,712	48,506	27,305	33,501	139,024	199,084
Neighbourhoods and Civil renewal	22,284	48,506	20,478	26,278	117,546	67,274
Total	185,644	268,865	170,654	189,838	815,001	527,454

Management and finance costs have been charged on the basis of business activity within CDF.
Human Resources and Facilities are on a headcount attributable to activities basis.

4. Net expenditure for the year

Net expenditure for the year is arrived at after charging:

	Total 2004/05	Total 2005/6
	£	£
Depreciation	68,682	49,013
Rent and Rates	126,357	66,874
Communications and Information	202,685	108,002
Telephone and Postage	88,821	79,211
Insurance	3,889	18,782
Audit	32,773	15,987
Accountancy	0	0
Trustees Costs	11,600	11,660

The audit fee for 2006 is £20,000 (2005: £19,727). The audit fee includes a £300 pound fee for professional advice from the CPF Trust auditor to the CDF parent company.

Trustees or connected persons receive no remuneration in respect of their services. Trustees received reimbursement of expenses amounting to £4,184 in 2005–2006 (£3,188 in 2004–2005). This included reimbursement for travel and other reasonable out of pocket expenses. nine Trustees, including the Chairman, claimed expenses in 2005–2006 (9 in 2004–2005).

5. Staff emoluments

	2005/6	2004/5
	£	£
Wages and Salaries	1,569,627	1,186,092
Social Security Costs	160,212	151,086
Pension Costs	123,960	118,610
Agency Staff	96,161	43,673
	1,949,960	1,499,461
Recoveries from staff secondment	(44,692)	0
Total Staff Emoluments	1,905,268	1,499,461

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 as well as any voluntary contributions that they wish to make. The Pension Trust provides an annual statement to participating individuals providing a broad estimate of their protected pension.

Pensions costs charged in the year amounting to £123,960. At the balance sheet date there were no prepaid pensions costs, however, £3,785 was payable. The assets of the scheme are held separately from those of the group in an independently administered fund.

There were no employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year to 31 March 2006.

The average number of people, including part-time staff employed, during the year was 60 in the year. Staff numbers only includes permanent staff.

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 2005/6 is £160,276 (2004/5 £152,439)

7. Trading subsidiary

Following the appointment of new directors from 1 April 2004, CPF Trust became a subsidiary undertaking of CDF. The company's principal activity during the year continued to be that of owning the CDF headquarters building, the registered address of the parent company the Community Development Foundation and letting it to the Community Development Foundation.

During the year CPF Trust exchanged 60 Highbury Grove, London N5 2AG for Unit 5 Angel Gate, 320–326 City Road, London EC1V 2PT. Unit 5 Angel Gate is legally a leasehold property with 982 years remaining on the lease.

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

CPF Trust's Statement of Financial Activities for the year ended 31 March 2006:

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £
Income and expenditure			
Incoming resources	35,173	0	35,173
Resources expended	35,173	0	35,173
Movements in Funds from operations	0	0	0
Surplus on Exchange of Buildings	412,521	0	412,521
Net Movement in Funds	412,521	0	412,521
Balances brought forward at 01 April 05	50,952	0	50,952
Balances carried forward at 31 March 2006	463,473	0	463,473

Disposal of 60 Highbury Grove

	£
Consideration for exchange	750,000
Cost of 60 Highbury Grove	425,000
Accumulated Depreciation at 01 July 2005	(104,125)
	320,875
Costs of disposal of 60 Highbury Grove	(16,604)
Surplus on disposal of 60 Highbury Grove	412,521

The only asset of the Company, 60 Highbury Grove, was exchanged on July 01 2005 for Unit 5, Angel Gate, City Rd, London EC1V 2PT. The fair value of the asset received as consideration for 60 Highbury Grove was £750,000.

The cost of 60 Highbury Grove recorded in the CPF accounts at 1 July 2005 was £425,000. Accumulated depreciation charged against 60 Highbury Grove at 1 July 2005 was £104,125. Professional fees incurred in the disposal of Highbury Grove were £16,193.

Acquisition of Unit 5 Angel Gate

	£
Consideration on exchange	750,000
Costs of acquisition	17,360
Cost of purchase 1 July 2005	767,360

The only asset of CPF Trust Ltd at the beginning of the year, 60 Highbury Grove, was exchanged on July 1 2005 for Unit 5 Angel Gate, City Road, London EC1V 2PT. The fair value of the Unit 5 Angel Gate at 1 July 2005 was £750,000. Professional fees incurred in the acquisition of Highbury Grove were £15,962

CPF Trust Ltd. exchanged 60 Highbury Grove for Unit 5 Angel Gate on July 1 2005. The company continues a policy of responsibility for ongoing maintenance of its assets residing with the tenant, The Community Development Foundation (CDF).

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

	CDF Funds (Parent) £	CPF Trust Funds (Subsidiary) £	Intra Group £	Total Funds 2005/6 (Group) £
Net incoming resources for the year	14,506,531	447,694	(55,096)	14,899,129
Resources expended for the year				
Net expenditure for the Year	14,946,907	35,173	(55,096)	14,926,984
Net movement on funds	(440,376)	412,521	0	(27,855)
Fund balances brought forward at 1 April	4,542,296	50,952	0	4,593,248
Fund balances carried forward at 31 March	4,101,920	463,473	0	4,565,393

9. Fixed assets (consolidated)

FIXED ASSETS	Furniture & Equipment £	Intangible Assets £	Freehold Land and Buildings £	Leasehold Land & buildings £	Total £
COST					
At 1 April 2005	324,358	33,815	425,000	0	783,173
Additions	245,680	63,492	0	767,360	1,076,532
Disposals	(61,893)	0	(425,000)	0	(486,893)
At 31 March 2006	508,145	97,307	0	767,360	1,372,812
DEPRECIATION					
At 1 April 2005	251,822	33,497	102,000	0	387,319
Charge for the year	49,188	5,859	2,125	11,510	68,682
Disposals	(61,893)	0	(104,125)	0	(166,018)
At 31 March 2006	239,117	39,356	0	11,510	289,983
NET BOOK VALUE at 31 March 2006	269,028	57,951	0	755,850	1,082,829
NET BOOK VALUE at 31 March 2005	72,536	318	323,000	0	395,854

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

The property disposed of at 60 Highbury Grove was held freehold by CPF Trust Ltd.

The acquired property Unit 5 Angel Gate EC1V 2PT is the subject of a 999 year lease.

10. Fixed assets (parent company)

Fixed Assets	Furniture & Equipment	Intangible Assets	Total
	£	£	£
Cost			
At 1 April 2005	324,358	33,815	358,173
Additions	245,680	63,492	309,172
Disposals	(61,893)	0	(61,893)
At 31 March 2006	508,145	97,307	605,452
Depreciation			
At 1 April 2005	251,822	33,497	285,319
Charge for the year	49,188	5,859	55,047
Disposals	(61,893)	0	(61,893)
At 31 March 2005	239,117	39,356	278,473
Net Book Value at 31 March 2006	269,028	57,951	326,979
Net Book Value at 31 March 2005	72,536	318	72,854

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

11. Debtors due within one year (consolidated)

	2006	2005
	£	£
Sundry debtors	317,429	1,950,850
Prepayments	8,503	9,747
CPF Trust Debtor	0	0
Loan to CPF Trust	0	0
	325,932	1,960,597

12. Debtors due within one year (parent company)

	2006	2005
	£	£
Sundry debtors	317,429	1,950,850
Prepayments	8,503	9,142
CPF Trust Debtor	0	71,796
Loan to CPF Trust	0	200,000
	325,932	2,231,788

13. Debtors due after more than one year (parent company)

	2006	2005
	£	£
CPF Trust Debtor	91,377	0
Loan to CPF Trust	200,000	0
	291,377	0
Total debtors (parent company)	617,309	2,231,788

The Community Development Foundation 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.

At 31 March 2005 and at current property values as the sale of 60 Highbury Grove involved a cashless exchange there were not sufficient liquid funds available to repay the Foundation's loan.

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

Sundry Debtors at 31 March 2005 included £1.5 million due from the Department for Education and Skills (DFES) to fund the Neighbourhood Support Fund. At 31 March 2006 no comparable payment was owed to CDF as all monies due from the DFES were received before the year-end.

14. Creditors due in less than one year (consolidated)

	2006	2005
	£	£
Loans and Overdrafts	1,331,798	16,167
Accruals	1,760,499	118,668
Deferred Income	22,352	5,543,955
Trade Creditors	34,048	1,581,371
Tax and Social Security	48,813	0
Other Creditors	63,073	81,290
	3,260,583	7,341,451

Deferred Income at 31 March 2005 included £5.5 million, received from the Home Office for a proposed grants programme due to commence in the next financial period. At 31 March 2006 no comparable amount was received.

15. Creditors due in less than one year (parent company)

	2006	2005
	£	£
Loans and Overdrafts	1,331,798	16,167
Accruals	1,759,499	117,811
Deferred Income	22,352	5,543,955
Trade Creditors	34,048	1,581,371
Tax and Social Security	48,813	0
Other Creditors	63,073	81,290
	3,259,583	7,340,594

16. Intra-Government balances (consolidated)

	Debtors: Amounts Falling due within One Year £	Debtors: Amounts Falling due after One Year £	Creditors: Amounts Falling due within One Year £	Creditors: Amounts Falling due after One Year £
Balances with Other Government Bodies	63,456	0	55,195	0
At 31st March 2006	63,456	0	55,195	0

Intra-Government balances (consolidated)

	Debtors: Amounts Falling due within One Year £	Debtors: Amounts Falling due after One Year £	Creditors: Amounts Falling due within One Year £	Creditors: Amounts Falling due after One Year £
Balances with Other Government Bodies	1,650,131	0	6,817,708	0
At 31st March 2005	1,650,131	0	6,817,708	0

17. Unrestricted funds (consolidated)

	Balance at 1 April 2005	Movement in Funds		Balance at 31 March 2006
	£	Designations	Releases	£
		£	£	
Loans & Fixed Assets	247,586	279,394	0	526,980
Specific Reserve	1,443,802	718,485	642,219	1,520,068
General Redundancy	58,991	61,219	26,299	93,911
Cessation Fund	371,119	388,881	0	760,000
Designated Grants	148,016	0	0	148,016
Total Designated Funds	2,269,514	1,447,979	668,518	3,048,975
General Reserve	86,897	51,987	0	138,884
Total Unrestricted Funds	2,356,411	1,499,966	668,518	3,187,859

18. Unrestricted funds (parent company)

	Balance at 1 April 2005	Movement in Funds		Balance at 31 March 2006
	£	Designations	Releases	£
		£	£	
Loans & Fixed Assets	247,586	279,394	0	526,980
Specific Reserve	1,392,850	305,964	642,219	1,056,595
General Redundancy	58,991	61,219	26,299	93,911
Cessation Fund	371,119	388,881	0	760,000
Designated Grants	148,016	0	0	148,016
Total Designated Funds	2,218,562	1,035,458	668,518	2,585,502
General Reserve	86,897	51,987	0	138,884
Total Unrestricted Funds	2,305,459	1,087,445	668,518	2,724,386

19. Restricted funds

	Balance at 1 April 2005 £	Movement in Funds		Balance at 31 March 2006 £
		Designations £	Releases £	
Bangor Project Community Fund	35,921	0	(32,544)	3,377
Canterbury People's Grp	4,956	0	0	4,956
Community Forum	430	0	0	430
Community Health Exchange	153,528	264,161	(226,670)	191,019
Community Resource Fund	14,531	0	0	14,531
Connecting Communities	6,660	0	(11)	6,649
Connecting Communities Plus	0	0	(1,724)	(1,724)
Demonstrating Links	12,600	30,125	(10,275)	32,450
Faith Community Capacity Building Fund	0	3,904,074	(3,541,405)	362,669
Faith One Off community enterprise	0	3,096,848	(3,096,848)	0
Healthy Living centre	0	95,134	(89,112)	6,022
Leap for Health	44,664	134,276	(126,132)	52,808
Learning Action Centres DFEE	438	0	0	438
Learning Action Centres DTI	2,279	0	0	2,279
Learning Development Partnerships	18,192	0	(8,978)	9,214
Leeds City Council Project	306	0	0	306
Leicester Practice Learning Centre	3,722	0	0	3,722
Local Initiatives	974	0	0	974
London Survivors Group	325	0	0	325
Measures of Community Shares	7,000	0	0	7,000
Neighbourhood Support Fund	1,429,789	4,448,425	(5,320,017)	558,197
Policy Action Team 15	1,757	0	(91)	1,666
Regional Links Project	(3,132)	33,378	(59,319)	(29,073)
Resource	(654)	0	(0)	(654)
Scottish Community Action				
Research Fund	67,647	92,439	(78,831)	81,255
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
Sustainable Community Network	360	0	0	360
Standards	11,121	157,248	(178,304)	(9,935)
Welsh Community Strategy	24,986	0	0	24,986
Women's Connect West Midlands				
Objective	71,800	0	(13,030)	58,770
Women Connect Phase 2	(12,842)	0	2,927	(9,915)
WUC Research	744	0	0	744
Total Restricted Funds	1,901,790	12,256,108	(12,780,364)	1,377,534

20. Other charitable funds

This fund represents movement through the profit and loss reserve in the year:

	Balance at 1 April 2005 £	Movement in Funds		Balance at 31 March 2006 £
		Designations £	Releases £	
Accumulated Fund	335,047	496,401	831,448	0

21. Reconciliation of funds (consolidated)

	2006 £	2005 £
Opening funds as at 1 April CDF	4,542,296	4,117,553
Opening funds as at 1 April CPF Trust	50,952	50,952
Movement in restricted funds	(524,256)	139,009
Movement in unrestricted funds	496,401	285,734
Funds carried forward at 31 March	4,565,393	4,593,248

Reconciliation of Funds (consolidated)

	Restricted Funds £	General Funds £	Designated Funds £	Total £
Fixed Assets	22,352	1,060,477	0	1,082,829
Net Current Assets	1,355,182	1,979,366	148,016	3,482,564
Total Funds	1,377,534	3,039,843	148,016	4,565,393

22. Reconciliation of funds (parent company)

	2006 £	2005 £
Opening funds as at 1 April	4,542,296	4,117,553
Movement in restricted funds	(524,256)	139,009
Movement in unrestricted funds	83,880	285,734
Funds carried forward at 31 March	4,101,920	4,542,296

	Restricted Funds £	General Funds £	Designated Funds £	Total £
Fixed Assets	22,352	304,627	0	326,979
Net Current Assets	1,355,182	2,271,743	148,016	3,774,941
Total Funds	1,377,534	2,576,370	148,016	4,101,920

23. Related party

CDF received a Grant In Aid of £1,458,000 in 2005/6 (2004/5: £1,414,000) from the Active Communities Directorate of the Home Office. The Home Office also funded the Faith Community Capacity Building Fund for £3,800,000 (2004/5: no equivalent income received). CDF also received funding from the Department of Education and Skills amounting to £4,448,425 (2004/5: £5,620,437). CDF had Deferred Income of £5.5 million received from the Home Office in 2004/5 of which £2,500,000 funded the Faiths in the Community project and £3,000,000 was returned to the Home Office.

24. Funders

The projects were funded in 2005/6 by the following organisations:

Project	Funding Organisation
Community Health Exchange	NHS Scotland
Connecting Communities Plus	The Home Office
Demonstrating Links	Community Scotland & Scottish Natural Heritage
Faith Communities Capacity Building Fund	The Home Office
Faith in the Community enterprise	The Home Office
Leap for Health: Umbrella Grant	Big Lottery Fund
Leap for Health Unit	NHS Scotland
Neighbourhood Support Fund	Youth Inclusion Team of the Department for Education and Skills
Regional Links project	Active Communities Directorate of the Home Office
Scottish Community Action Research Fund	Communities Scotland
Standards	Communities Scotland

An outline of the purposes and restrictions of each of the Restricted Funds is detailed below.

Restricted Funds	Purpose	Restrictions
Bangor Project Community Fund	A project working in Bangor community on social and economic regeneration	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
Community Forum	Commissioned from Home Office to promote dialogue for local policy making	Timing, Methodology, Adherence to Purpose
Community Health Exchange	Community health networking	Timing, Methodology, Adherence to Purpose
Community Resource Fund	Research into social inclusion and regeneration	Timing, Methodology, Adherence to Purpose
Connecting Communities	Evaluation of impact of national programme to enhance use of Information and Communication Technology in communities	Timing, Methodology, Adherence to Purpose
Connecting Communities Plus	A demonstration program of funding for Black and Minority Ethnic related community groups.	Timing, Methodology, Adherence to Purpose
Demonstrating Links	A project focusing on providing mentoring/consultancy/publications using the Greenspace LEAP framework.	Timing, Methodology, Adherence to Purpose
Faith Communities Capacity Building Fund	A demonstration program of funding faiths and interfaith organisations to strengthen their capacity.	Timing, Methodology, Adherence to Purpose
Healthy living Centre	A program tackling health inequalities in Scotland.	Timing, Methodology, Adherence to Purpose
Leap For Health: Umbrella Grant	Establish and operate a support unit for practitioners and community health projects that are using or intend to use the 'Leap for Health' planning and evaluation resource.	Timing, Methodology, Adherence to Purpose
Leap for Health Unit	A unit established to explore establishing a LEAP based work programme which will be launched with a series of events.	Timing, Methodology, Adherence to Purpose
Learning Action Centres	Centres established to manage the establishment of Information and Communication Technology	Timing, Methodology, Adherence to Purpose

Restricted Funds	Purpose	Restrictions
Learning Development Partnerships	An evaluation of the needs of Community Learning and Development Partnerships resulting in training events which included focus on community capacity building & community engagement.	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
Local Initiatives	Various studies of social and economic regeneration	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
Neighbourhood Support Fund	Established to test community based approaches to reintegrating disaffected young people into the community	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
Regional Links Project	A project which is establishing Regional/National Links in Relation to Community Development Policy and Practice development	Timing, Methodology, Adherence to Purpose
Resource	Community Development Initiatives	Timing, Methodology, Adherence to Purpose
Scottish Community Action Research Fund	(SCARF) Commissioned to select communities, supply research mentors, manage and evaluate an initiative designed to enable community organisations to develop, commission and make use of their own research.	Timing, Methodology, Adherence to Purpose
Self Advocacy Team	Initiative which is assisting a Local Project in enabling people with mental illnesses to relate to public services and utilise self-help	Timing, Methodology, Adherence to Purpose
Small Grants Project	Established to support and monitor small community based online centres	Timing, Methodology, Adherence to Purpose
Somali Project	Somali Refugee Employment Training Project in Tower Hamlets	Timing, Methodology, Adherence to Purpose
Standards	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
West Midlands Objective	Match funding to support the initiatives of the Women Connect project in the West Midlands.	Timing, Methodology, Adherence to Purpose
Women Connect Phase 2	A project to build organisational capacity through the use of Information and Communication Technology for the female community	Timing, Methodology, Adherence to Purpose
Working Together Learning Together	A project to build community participation and develop skills	Timing, Methodology, Adherence to Purpose
WUC Research	Research commission for DfES	Timing, Methodology, Adherence to Purpose

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

	Notes £	2006 £	2005 £
Net incoming/(outgoing) resources before revaluations & Investment Asset Disposals		(27,855)	424,743
Depreciation	9	68,682	49,013
(Increase)/Decrease in debtors	11	1,634,665	(1,791,229)
Increase/(Decrease) in creditors	14	(5,396,499)	7,030,831
Surplus on exchange of Highbury Grove	7	(446,485)	0
Net cash inflow from operating activities		(4,167,492)	5,713,358

26. Reconciliation of net cashflow to movement in net funds

	2006 £	2005 £
Change in cash for the period	(1,290,655)	99,227
Cash inflow from changes in liquid resources	(3,186,009)	5,587,456
Changes in net funds resulting from cashflow	(4,476,664)	5,686,683
Net funds at beginning of year	9,562,081	3,875,398
Net funds at end of year	5,085,417	9,562,081

27. Analysis of net funds

	At 1 April 2005 £	Cashflow £	At 31 March 2006 £
Cash available on demand	45,474	24,976	70,450
Overdrafts	(16,167)	(1,315,631)	(1,331,798)
Increase in cash for the period	29,307	(1,290,655)	(1,261,348)
Financing			
Short term deposits	9,532,774	(3,186,009)	6,346,765
Net funds at end of year	9,562,081	(4,476,664)	5,085,417

28. Other Commitments

In the year ended 31 March 2006 CDF had commitments under operating leases related to photocopying leases, rental agreements and service agreements as follows:

	2006	2005
<i>Operating leases which expire:</i>		
Within one year	100,455	64,037
In more than one year but less than 5 years	89,043	76,642
In more than 5 years	0	0
Total	189,498	140,679

29. Financial Instruments

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks of an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, CDF is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. CDF has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks it faces in undertaking its activities.

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

Liquidity risk

CDF's resource requirements are largely financed by resources voted annually by Parliament, just as its capital expenditure largely is. 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 not exposed to significant interest-rate risk.

Foreign currency risk

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

Fair values

The book values of financial instruments are considered equivalent to their fair values as at 31 March 2006.

30. Post balance sheet events

There are no post balance sheet events.

Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline Lo-call 0845 7 023474

Email bookorders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

Email bookshop@parliament.uk

Internet bookshop.parliament.uk

TSO@Blackwell and other Accredited Agents

