

Presented pursuant to Section 25(6) and (7) of the Government Resources And Accounts Act 2000, and
Section 3(3) of the Government Resources And Accounts Act 2000 (Audit of Public Bodies) Order 2003

Community Development Foundation Account 2004-2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 31 OCTOBER 2005

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Trustees' Report and Financial Statements

The Trustees of the Community Development Foundation during the year were

Tom Levitt, MP, Chair (Appointed June 2004)

Suhail Aziz

Mavis Best MBE

Paul Burstow, MP

Michael Hamilton

Abdul Ismail

Jagwant Johal

Dr Gareth Jones

Avila Kilmurray

Peter Latchford

Professor Ruth Lister, CBE

Andrew Robinson, MBE

Andrew Selous MP

Colin Williams, OBE (Deputy Chair to May 2004)

Hilary Willmer

Finance and Audit Committee Members

Peter Latchford, Chair

Michael Hamilton

Jagwant Johal

Andrew Robinson, MBE

Hilary Willmer

The address of the Foundation is

60 Highbury Grove

London N5 2AG

The principal banker for the Foundation is:

National Westminster Bank Plc

City of London Office

PO Box 12258

London EC2R 8PA

The solicitors are

Royds Treadwell

2 Crane Court

London EC4 A2BL

The Auditors are

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

London SW1W 9SP

CPF Trust

The Directors of CPF Trust during the year were

Peter Latchford, Chair	(Appointed from 1 April 2004)
Jagwant Johal	(Appointed from 1 April 2004)
Michael Hamilton	(Appointed from 1 April 2004)
Hilary Willmer	(Appointed from 1 April 2004)
Andrew Robinson	(Appointed from 1 April 2004)
Sarah Benioff	(Appointed from 1 April 2004)
Maisha Crush	(Company Secretary)

The address of the CPF Trust is
60 Highbury Grove
London N5 2AG

The Auditors are
Winston Gross & Co
Chartered Accountants
Registered auditors
34 Arlington Road
London NW1 7HU

Trustees' Report

The Trustees have pleasure in submitting their Annual Report, together with their consolidated accounts for the year ended 31 March 2005. The consolidated statement of financial activities for the year ended 31 March 2005, the consolidated cash flow statement, the consolidated balance sheet at that date and Community Development Foundation's balance sheet are attached. The account has been prepared in accordance with the Accounts Direction given by the Home Office.

History, structure and policies

History

The Community Development Foundation (CDF) was established as a Registered Charity (No.306130) by a Trust Deed dated 12 December 1967 to educate young people by teaching them, in particular, the need for and manner of rendering service to the community and in particular the aged and disabled and to render services to the community. We enjoy all-party support and substantial backing from local and central government, business and trusts. CDF is also a Non-Departmental Public Body (NDPB) sponsored by the Active Communities Directorate of the Home Office.

CDF's mission is to strengthen communities by ensuring the effective participation of people in determining the conditions that affect their lives through

- providing support for community initiatives;
- promoting best practice; and
- informing policy-makers at local and national level.

Structure

Organisation

As at the balance sheet date CDF had 49 full-time equivalent staff working from Head Office and 5 regional offices and carries out work across the UK. Its principal office is 60 Highbury Grove, London N5 2AG (see Organisational Chart on Page 8).

Trustees

CDF staff are employed by and overseen by a Board of Trustees, which meets three times a year, along with three finance committee meetings and three audit committee meetings. One of the Trustee meetings is a two-day residential to set the broad strategy and review progress for CDF. The Finance Committee is made up of Trustees (normally four) and operates under terms of reference from the full Board. Decisions are ratified by the full Board. Trustees of the Community Development Foundation are appointed by the Minister of State at the Home Office on behalf of the Home Secretary. There are 15 Trustees and a list of current Trustees is attached.

CPF Trust Limited

CPF Trust Limited (the Trust), registered charity number 1791017, is a subsidiary company to CDF. Following the appointment of new directors from 1 April 2004, control was transferred to CDF, therefore consolidated accounts need to be prepared for the first time in the year ending 31 March 2005. CPF Trust was originally established for the advancement of public education and training of young people and the provision of facilities for educational and recreational purposes. However, the Trust has not conducted any business since 1989. In October 1989 the Directors of the Trust, at the request of the Trustees of the Community Development Foundation agreed to purchase the property situated at 60 Highbury Grove and to manage the property on behalf of the Foundation.

During the year to 31 March 2005, the Trust has continued to own the property situated at 60 Highbury Grove, which is let to the Community Development Foundation.

Policies

Reserves 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. In practice, the reserve is kept slightly above this level to allow for the realities of shutdown timing. Other reserves are to deal with underlying gaps in operating costs and are part of the Trustee strategy in relation to operating costs.

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.

Employee involvement

Staff have union recognition and regular meetings take place to discuss employment issues. All staff are kept informed on specific matters directly by management and they receive copies of Directorate minutes, budgets, annual reports and other key documents. CDF carries out exit and entry interviews for all staff, organises an induction briefing for all staff, and operates a supportive staff development programme. A full staff manual is adhered to, covering such areas as health and safety, recruitment, equal opportunities, parental leave, other leave and working hours. In accordance with CDF's equal opportunities policy, it 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.

Review of 2004-2005 financial year

Overall

CDF works to a three-year work plan that is set by Trustees and agreed with the Active Communities Directorate (ACD) of the Home Office. Specific objectives are negotiated annually in the framework of this three-year forward plan. Performance in relation to these objectives is recorded and reported to Trustees and to the Home Office in May or June of each year. Both Trustees and the ACD are asked to assess performance and the views of the ACD are taken into account by Trustees in their assessment, which takes place in July of each year. Although there were no specific targets or performance indicators in the year, in the opinion of Trustees, CDF's work in 2004-2005 was carried out efficiently and in line with the agreed objectives. A more detailed report on work undertaken in 2004-2005, the Annual Review, will be posted on the CDF website (www.cdf.org.uk) and available in a printed version.

CDF's core work is paid for by grant-in-aid from the Home Office, 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 and to fit under one of the three main areas of work: fieldwork, best practice or policy. Across the UK, CDF is building up its consultancy and training work with a view to consultancy and training work becoming increasingly self-sufficient. Normally, CDF's turnover is about 60% Home Office and 40% other income but this can be changed from time to time if CDF is administering a grants programme such as the Neighbourhood Support Fund, as it is at present for the Department for Education and Skills (DfES). This makes CDF's annual turnover seem far higher than the £1.5-£1.8 million norm, but the bulk of this additional money is passed on to the fieldwork projects that form the programme. In 2004/5 out of income received from the DfES in respect of the Neighbourhood Support Fund (NSF) of £5,620,437 a total of £5,165,952 went to community projects (£5,010,636) and to umbrella organizations supporting the projects (£155,316). NSF has a high research, best practice and evaluation component that feed into CDF's core work.

Financial review

Results for the year

The Consolidated Statement of Financial Activities (SOFA) on page 14 shows a surplus of £424,743 (deficit of £93,262: 2003-2004). The SOFA shows there are Net Incoming Resources on Unrestricted Funds of £285,734 (surplus of £487,619: 2003-2004) and Net Incoming Resources on Restricted Funds of £139,009 (deficit of £580,881: 2003-2004).

Financial position

The balance sheet on page 14 shows Consolidated Net Assets at 31 March 2005 of £4,593,248 (2004: £4,168,505). Funds carried forward can be analysed as follows

	2005 £	2004 £
Designated funds		
Loans and fixed assets	247,586	247,586
Specific reserve	1,443,802	1,419,155
General redundancy	58,991	98,274
Cessation fund	371,119	371,119
Designated grants	148,016	154,067
Total designated funds	2,269,514	2,290,201
General fund	86,897	87,026
Accumulated fund	335,047	0
Restricted funds	1,901,790	1,791,278
Net assets	4,593,248	4,168,505

Future developments

On 1 July 2005, CPF Trust completed the sale of CDF's existing headquarters at 60 Highbury Grove, London N5 2AG and purchased new premises located at 5 Angel Gate, London N1. CDF is expecting to occupy these new premises from November 2005.

Supplier payments

As an 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 88% of invoices on time. No interest was paid in respect of Late Payment of Commercial Debts (Interest) Act 1998.

Auditors

The Comptroller and Auditor General has been appointed as the external auditor under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004 and will report to Parliament. The cost of the statutory audit carried out by the Comptroller and Auditor General is £15,000 (2003-2004: 15,000).

Significant interests

There are no company directorships or other significant interests held by Trustees or management team that may conflict with their responsibilities.

Sarah Benioff
Chief Executive and Accounting Officer
14 October 2005

Tom Levitt
Chairman
14 October 2005

Statement of Trustees' and Accounting Officer's responsibilities

Under charity law applicable in England and Wales, the trustees are required to prepare financial statements for each financial year, which show a true and fair view of the state of affairs of the charity and of its financial activities during the year. In preparing those financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The Trustees are responsible for keeping accounting records, which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993.

The annual accounts of CDF are also prepared in accordance with Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance, other guidance issues by the Treasury and the Accounts Direction issued on behalf of the Secretary of State.

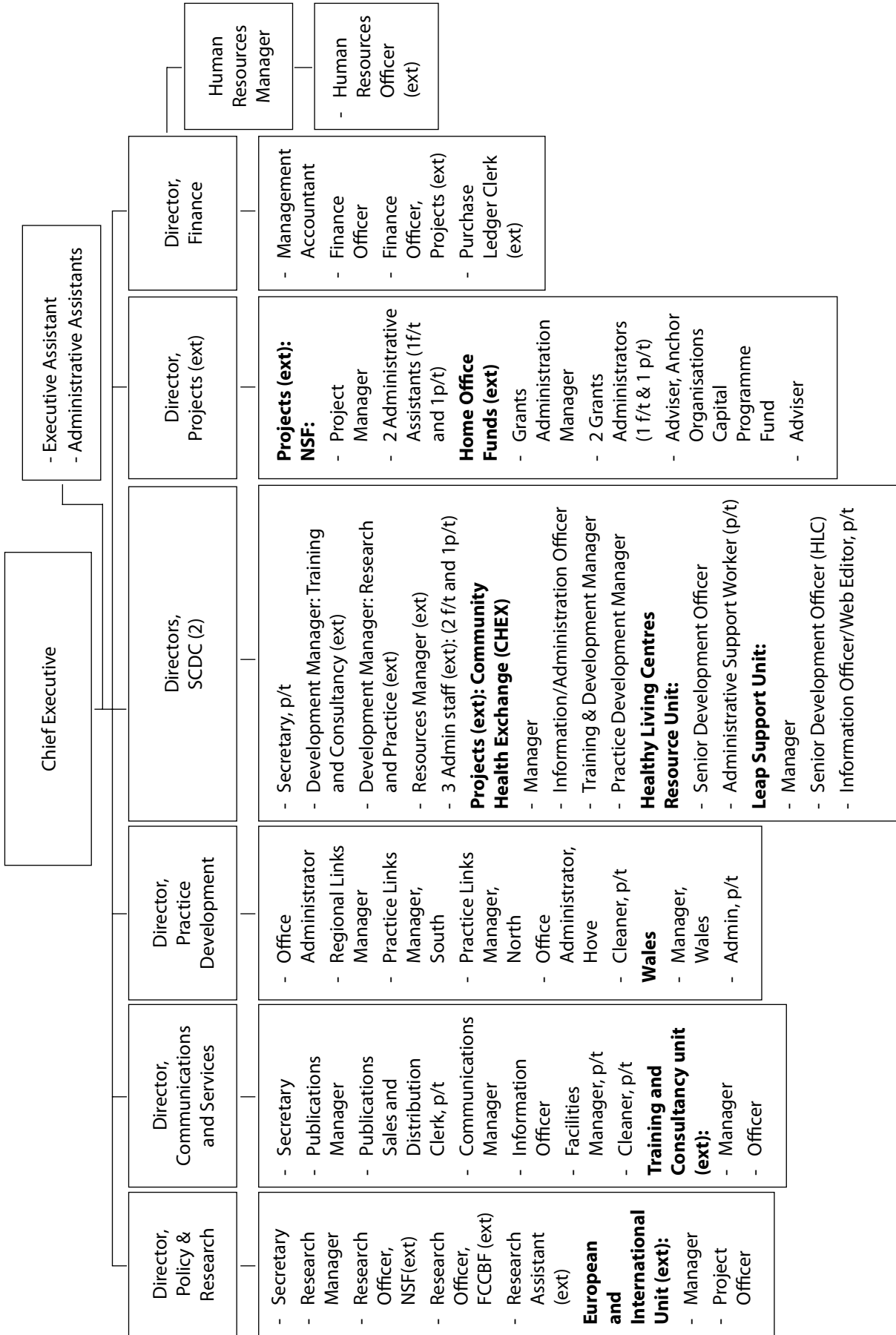
The Accounting Officer for the Home Office has designated the Chief Executive as the Accounting Officer for the Trust. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum, issued by the Treasury and published in Government Accounting.

Trustee policy on disclosure combines an annual return stating other interests and a statement at the start of every meeting of Trustees in relation to a declaration of interest on any item on the agenda.

By order of the Trustees

Tom Levitt
Chairman

Trustees



Statement of Internal Control

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 CDFs' 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.

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 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

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. In addition, risks, which have been identified and are maintained on a risk register, are discussed periodically with management at Directorate meeting where guidance is provided on how to manage these risks.

The risk and control framework

The key elements of the risk management strategy include the following

- a senior management team, which meets every four weeks to consider the plans and strategic direction of the organisation. 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 are made to the Finance Committee and to the full Trustee board on financial and performance systems of internal control. Systems are 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 2004-2005. 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 be contracted out in future years;
- for those groups and umbrellas that receive funding that CDF administers on behalf of the Department for Education and Skills, the Neighbourhood Support 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;
- a programme of risk awareness training has been established;

- 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;
- an organisation-wide risk register has been established;
- 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; and
- an Audit Committee has convened in 2004-2005. They will be responsible for dealing with governance, risk and controls and finalising the annual accounts.

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. A plan to address weaknesses is in place following the Home Office Audit and Assurance Unit's review.

In the past year we have observed 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 which it could not meet or which were for unauthorised purposes. Also during the year CDF identified instances where expenditure authorisation limits were not complied with. Again, this exposed CDF to the risk of being committed to obligations which it could not adequately meet.

I am taking action to ensure that this is monitored and that staff receive additional training to ensure that they understand and will comply with these procedures in the future. The Director of Finance has also reminded the finance team and all cheque signatories that before authorising expenditure for payment, they must ensure they have received satisfactory purchase orders and that authorisation limits have been adhered to.

Sarah Benioff
Chief Executive and Accounting Officer
14 October 2005

Tom Levitt
Chairman
14 October 2005

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

I have audited the financial statements on pages 13 to 34 under the Government Resources and Accounts Act 2000 as amended by Statutory Instrument 2003 No. 1326. These financial statements have been prepared in the form directed by 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 and approved by the Treasury; they have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 18 to 20.

Respective responsibilities of the Board of Trustees, the Chief Executive and the Auditor

As described on page 7, the Board of Trustees and the Chief Executive are responsible for the preparation of financial transactions funded by Parliamentary grant ('Grant in Aid'). The Board of Trustees and the Chief Executive are also responsible for the preparation of the Foreword of the Trustees Report. My responsibilities, as independent auditor, are established by statute, and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993 and with the directions made by the Secretary of State for the Home Office thereunder, and 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 if, in my opinion, the other contents of the Trustees Report are not consistent with the financial statements, if the Community Development Foundation has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 9 to 10 reflects the Foundation's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Foundation's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Trustees and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Foundation's and the group's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error or by fraud or other irregularity and that, in all material respects, the expenditure, income and resources 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.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Community Development Foundation and the group as at 31 March 2005 and of the incoming resources and application of resources of the group for the year then ended and have been properly prepared in accordance with the Charities Act 1993 and the directions made by the Secretary of State for the Home Office; and
- in all material respects the expenditure, income and resources 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

19 October 2005

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

Consolidated Statement of Financial Activities for the year ended 31 March 2005

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2004-2005 £
Net incoming resources for the year				
<i>Activities in furtherance of charity's objects</i>				
Donations and sponsorships		5	0	5
Management and administration	2	496,629	0	496,629
Communications and services	2	288,194	0	288,194
Practice development	2	192,441	0	192,441
Policy and research	2	258,960	0	258,960
Community initiatives	2	0	6,586,765	6,586,765
Activities in furtherance of charity's objects		1,236,229	6,586,765	7,822,994
<i>Activities for generating funds</i>				
Management and administration	3	50	0	50
Communications and services	3	2,120	0	2,120
Practice development	3	1,550	0	1,550
Publications	3	127,247	0	127,247
Trading	3	864,050	400	864,450
Policy and research	3	0	0	0
Investment income	3	170,852	0	170,852
Activities for generating funds		1,165,869	400	1,166,269
Net incoming resources for the year		2,402,098	6,587,165	8,989,263
Resources expended for the year				
<i>Costs of generating funds</i>				
Trading	4	1,047,244	0	1,047,244
Publications	4	175,980	0	175,980
Costs of generating funds	4	1,223,224	0	1,223,224
<i>Cost of activities in furtherance of the charity's objects</i>				
Communications and services	4	105,810	0	105,810
Practice development	4	370,026	0	370,026
Policy and research	4	285,366	0	285,366
Management and administration	4	131,938	0	131,938
Community initiatives	4	0	6,448,156	6,448,156
Cost of activities in furtherance of the charity's objects	4	893,140	6,448,156	7,341,296
Net expenditure for the year	4/5	2,116,364	6,448,156	8,564,520
Notional costs	7	(152,439)	0	(152,439)
Net incoming resources		133,295	139,009	272,304

Consolidated Statement of Financial Activities for the year ended 31 March 2005 (continued)

	Unrestricted Notes funds £	Restricted funds £	Total funds 2004-2005 £
Reversal of notional costs	152,439	0	152,439
Net incoming resources before transfers	285,734	139,009	424,743
Net movement on funds	285,734	139,009	424,743
Fund balances brought forward at 1 April 2004	<u>2,377,228</u>	<u>1,791,277</u>	<u>4,168,505</u>
Fund balances carried forward at 31 March 2005	<u>2,662,962</u>	<u>1,930,286</u>	<u>4,593,248</u>

The notes on pages 18 to 34 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 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
	9		395,854		418,192
Current assets					
Debtors within one year	11	1,960,597		169,368	
Debtor due after one year		0		0	
Short term deposits		9,532,774		3,945,318	
Bank and cash		45,474		54,906	
		11,538,845		4,169,592	
Current liabilities					
Creditors due within one year	14	(7,341,451)		(419,279)	
Net current assets			4,197,394		3,750,313
Net assets			4,593,248		4,168,505
Funds					
Restricted funds	18		1,901,790		1,791,278
<i>Unrestricted funds</i>					
Designated funds	16, 19		2,604,561		2,290,201
General reserve	16		86,897		87,026
Total funds			4,593,248		4,168,505

The notes on pages 18 to 34 form part of these financial statements.

The accounts were approved by the Trustees and Chief Executive on 14 October 2005 and were signed on their behalf by

Tom Levitt
Chairman

Sarah Benioff
Chief Executive

Balance Sheet as at 31 March 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
	10		72,854		86,692
Current assets					
Debtors within 1 year	12	2,231,788		168,610	
Debtor due after one year	13	0		280,449	
Short term deposits		9,532,774		3,945,318	
Bank and cash		45,474		54,906	
		11,810,036		<u>4,449,283</u>	
Current liabilities					
Creditors due within one year	15	(7,340,594)		<u>(418,422)</u>	
Net current assets			4,469,442		<u>4,030,861</u>
Net assets			4,542,296		<u>4,117,553</u>
Funds					
Restricted funds	18		1,901,790		1,791,278
<i>Unrestricted funds</i>					
Designated funds	17, 19		2,553,609		2,239,249
General reserve	17		86,897		<u>87,026</u>
Total funds			4,542,296		<u>4,117,553</u>

The notes on pages 18 to 34 form part of these financial statements.

The accounts were approved by the Trustees and Chief Executive on 14 October 2005 and were signed on their behalf by

Tom Levitt
Chairman

Sarah Benioff
Chief Executive

Consolidated Cashflow Statement for the year ended 31 March 2005

	Notes	2005 £	2004 £
Net cash inflow from operating activities	24	5,713,358	962,580
Capital expenditure and financial investment			
Purchase of tangible fixed assets	9	<u>(26,675)</u>	<u>(38,976)</u>
Net cash (outflow) on capital expenditure and financial investment		(26,675)	(38,976)
Net cash inflow/(outflow) before management of liquid resources and financing		5,686,683	(923,604)
Financing			
Cash (outflow) from short term deposits	25	<u>(5,587,456)</u>	<u>(939,040)</u>
Net cash (outflow) from financing		(5,587,456)	(939,040)
Increase/(decrease) in cash in the year	26	<u>99,227</u>	<u>(15,436)</u>

The notes on pages 18 to 34 form part of these financial statements.

Notes of Accounts

1 Basis of accounting and accounting policies

Basis of accounting

The Financial statements set out on pages 13 to 17 together with the Notes on pages 18 to 34 have been prepared on an 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 2000 (2000 No. 2868). The Regulations are supported by a Statement of Recommended Practice 'Accounting and Reporting by Charities' (issued October 2000).

Consolidated financial statements have been prepared for CDF and its subsidiary company CPF Trust. 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 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 16 and 19)

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	26,531
Scottish development centre	331,591
Project development	62,729
Other	12,513
Policy development and deficit reserve	222,661
Developing consultancy services	28,274
Publications, research and information services	49,575
Finance and support services	111,519
Pay and grading review	360,862
Headquarter relocation	186,596
CPF Trust	50,951
Total	1,443,802

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 £371,119 has been set aside to meet the financial obligations of the group should it cease to exist.

General reserve

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

Restricted funds (See note 18)

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.

Resources expended

Expenditure is classified between 'costs in the furtherance of charity's objects' and 'costs of generating funds'.

Costs in the furtherance of charity's objects

These include direct expenditures such as staff costs, premises and other operational costs for the core activities of the group; practice development, policy and research and communications and services.

Management and Administration includes 20% of the total Management and Administration costs while the remaining 80% are split between the other activities under 'Costs of Generating Funds' and 'Cost of Activities in Furtherance of the Charity's Objects'.

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.

In 2004-2005 CDF split Dissemination into Community Initiatives and Communications and Services headings in the SOFA. This is to provide a more comprehensive analysis of these activities.

Cost of generating funds

These include direct expenditures such as staff costs, premises and other operational costs for activities, which directly relate to generating income such as Training Income, Publications and other trading activities.

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

	Years
Computers, furniture and equipment	4
Land and buildings	50

There has been no revaluation of assets in 2004-2005 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.

Cash flow statement

Under Financial Reporting Standard 1 (revised), the group is required to prepare a cash flow 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 Activities in furtherance of the charity's objects

	Grant in Aid	Other Grants	Other	Total
	£	£	£	2004-2005
				£
Unrestricted incoming resources				
Donations and sponsorships	0	0	5	5
Management and administration	447,914	0	48,715	496,629
Communications and services	284,507	0	3,687	288,194
Practice development	188,895	0	3,546	192,441
Policy and research	245,798	0	13,162	258,960
Restricted incoming resources				
Big Lottery Fund	0	19,770	0	19,770
Community Fund	0	103,909	0	103,909
Community Learning Scotland	0	32,791	0	32,791
Community Scotland	0	220,855	0	220,855
Department for Education and Skills	0	5,620,437	0	5,620,437
European Social Fund	0	118,366	0	118,366
Home Office	32,127	0	0	32,127
NHS Scotland	0	316,860	0	316,860
Other income	0	0	121,650	121,650
Community initiatives	32,127	6,432,988	121,650	6,586,765
Activities in furtherance of the charity's objects	1,199,241	6,432,988	190,765	7,822,994

3 Activities for generating funds

	Grant in Aid	Other Grants	Income Earning	Publications	Training	Other	Total
	£	£	£	£	£	£	2004-2005
							£
Unrestricted resources							
Management and administration			50				50
Practice development			1,550				1,550
Communications and services			2,120				2,120
Policy and research							
Publications	78,818		0	47,585		844	127,247
Trading	135,941	47,913	366,479		77,830	235,887	864,050
Interest receivable						170,852	170,852
Restricted resources							
Community initiatives			400				400
Activities for Generating funds	214,759	47,913	370,599	47,585	77,830	407,583	1,166,269
Net incoming resources	1,414,000	6,480,901	370,599	47,585	77,830	598,348	8,989,263

The Grant In Aid for the year to 31 March 2005 was £1,414,000

4 Net expenditure for the year

	Staff-related costs £	Premises costs £	Operational costs £	Total 2004-2005 £
Resources expended for the year				
<i>Cost of activities in furtherance of charity's objects</i>				
Management and administration	89,851	2,984	39,103	131,938
Communications and services*	71,242	7,588	26,980	105,810
Practice development	295,508	28,294	46,224	370,026
Policy and research	277,732	0	7,634	285,366
Community Initiatives*	813,922	29,878	5,604,356	6,448,156
Cost of generating funds				
Publications	72,466	0	103,514	175,980
Trading	708,781	18,894	319,569	1,047,244
Net expenditure for the year	<u>2,329,502</u>	<u>87,638</u>	<u>6,147,380</u>	<u>8,564,520</u>

* Communications and Services and Community Initiatives were disclosed in previous Community Development Foundation accounts as Dissemination.

5 Net expenditure for the year

Net expenditure for the year is arrived at after charging

	Total 2004-2005 £
Depreciation	49,013
Rent and rates	66,874
Communications and information	180,002
Telephone and postage	79,211
Insurance	18,782
Audit	15,987
Accountancy	0
Trustees costs	11,660

The audit fee for 2005 is £15,987 (2004: £15,940). No charge was applied to the internal audit conducted by the Home Office Audit and Assurance Unit.

Trustees receive no remuneration in respect of their services. Trustees received reimbursement of expenses amounting to £3,188 in 2004-2005 (£4,071 in 2003-2004). This included reimbursement for travel and other reasonable out of pocket expenses. 9 Trustees, including the Chairman, claimed expenses in 2004-2005 (9 in 2003-2004).

6 Staff emoluments

	2004-2005 £
Wages and salaries	1,186,092
Social security costs	151,086
Pension costs	118,610
Agency staff	43,673
Consultancies	458,128
Other staff related costs	371,913
Total staff emoluments	<u>2,329,502</u>

Consultancies are incurred to help support various projects particularly activities which generate funds. They are integral to CDF's work. Included in Other Staff Related Costs are Recruitment, Induction, Travel and Subsistence and Management Fees. No consultancies have been capitalised.

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 £118,610. At the balance sheet date there were no prepaid pensions costs, however, £10,578 was payable. The assets of the scheme are held separately from those of the group in an independently administered fund.

Chief Executive's emoluments and pension entitlements

	2004-2005	
	Salary £	Pensions £
As at 31 March 2005	55,115	9,360*

* This is the value of accrued pension and related lump sum at age 60 as estimated by the Pension's Trust

The number of employees whose emoluments as defined for taxation purposes amounted to over 50,000 in the year was as follows

	Number of employees 2004-2005
£50,000 upwards	1

The average number of people, including part-time staff employed during the year was 49. Staff numbers only includes permanent staff.

7 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.

8 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 60 Highbury Grove, London N5 2AG the registered address of the parent company The Community Development Foundation and letting it to the Community Development Foundation.

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 2005

	Unrestricted funds £	Restricted funds £	Total funds 2005 £
Income and expenditure			
Income resources	35,090	0	35,090
Resources expended			
Total resources expended	35,090	0	35,090
Net movement in Funds	0	0	0
Balances brought forward at 1 April 2004	50,952	0	50,952
Balances carried forward at 31 March 2004	<u>50,952</u>	<u>0</u>	<u>50,952</u>

Reconciliation of Individual Charities' Results to Consolidated Statement of Financial Activities

	CDF funds (parent) £	CPF trust funds (subsidiary) £	Intra group £	Total funds 2004-2005 (group) £
Net incoming resources for the year				
<i>Activities in furtherance of charity's objects</i>	7,822,994	35,090	(35,090)	7,822,994
Activities for generating funds	<u>1,186,192</u>		<u>(19,923)</u>	<u>1,166,269</u>
Net Incoming Resources for the year	9,009,186	35,090	(55,013)	8,989,263
Resources expended for the year				
Costs of generating funds	1,225,091	0	(1,867)	1,223,224
<i>Cost of activities in furtherance of the charity's objects</i>	<u>7,359,352</u>	<u>35,090</u>	<u>(53,146)</u>	<u>7,341,296</u>
Net expenditure for the year	8,584,443	35,090	(55,013)	8,564,520
Net incoming resources before transfers	424,743	0	0	424,743
Net movement on funds	424,743	0	0	424,743
Fund balances brought forward at 1 April	<u>4,117,553</u>	<u>50,952</u>	<u>0</u>	<u>4,168,505</u>
Fund balances carried forward at 31 March	<u>4,542,296</u>	<u>50,952</u>	<u>0</u>	<u>4,593,248</u>

9 Tangible assets(consolidated)

	Computers, furniture and equipment £	Freehold land and buildings £	Total tangible assets £
Cost			
At 1 April 2004	341,555	425,000	766,555
Additions	26,675	0	26,675
Disposals	(10,057)		(10,057)
At 31 March 2005	<u>358,173</u>	<u>425,000</u>	<u>783,173</u>
Depreciation			
At 1 April 2004	254,863	93,500	348,363
Charge for the year	40,513	8,500	49,013
Disposals	(10,057)		(10,057)
At 31 March 2005	<u>285,319</u>	<u>102,000</u>	<u>387,319</u>
Net Book Value at 31 March 2005	<u>72,854</u>	<u>323,000</u>	<u>395,854</u>
Net Book Value at 31 March 2004	<u>86,692</u>	<u>331,500</u>	<u>418,192</u>

All of the tangible assets shown above are used for direct charitable purposes. No value is attributed to the land.

10 Tangible assets (parent company)

	Computers, Furniture and Equipment £
Cost	
At 1 April 2004	341,555
Additions	26,675
Disposals	(10,057)
At 31 March 2005	<u>358,173</u>
Depreciation	
At 1 April 2004	254,863
Charge for the year	40,513
Disposals	(10,057)
At 31 March 2005	<u>285,319</u>
Net Book Value at 31 March 2005	<u>72,854</u>
Net Book Value at 31 March 2004	<u>86,692</u>

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

11 Debtors due within one year (consolidated)

	2005 £	2004 £
Sundry debtors	1,950,850	160,319
Prepayments	9,747	9,049
CPF Trust debtor	0	0
Loan to CPF Trust	0	0
	<u>1,960,597</u>	<u>169,368</u>

12 Debtors due within one year (parent company)

	2005 £	2004 £
Sundry debtors	1,950,850	160,319
Prepayments	9,142	8,291
CPF Trust Debtor	71,796	0
Loan to CPF Trust	200,000	0
	<u>2,231,788</u>	<u>168,610</u>

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

CPF Trust Debtor	0	80,449
Loan to CPF Trust	0	200,000
	<u>0</u>	<u>280,449</u>
Total Debtors	<u>2,231,788</u>	<u>449,059</u>

The Community Development Foundation has loaned a sum of £200,000 to CPF Trust Limited to assist in the purchase of the freehold of 60 Highbury Grove, London N5, and 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 it is probable that, in the event of a sale of the property, sufficient funds would be obtained to repay the Foundation's loan in full.

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 31st March 2004 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)

	2005 £	2004 £
Loans and overdrafts	16,167	124,826
Payroll and pensions	51,714	49,648
Accruals	118,668	54,924
Deferred income	5,543,955	31,847
Trade creditors	<u>1,610,947</u>	<u>158,034</u>
	<u>7,341,451</u>	<u>419,279</u>

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 2004 no comparable amount was received.

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

	2005 £	2004 £
Loans and overdrafts	16,167	124,826
Payroll and pensions	51,714	49,648
Accruals	117,811	54,067
Deferred income	5,543,955	31,847
Trade creditors	1,610,947	158,034
	<u>7,340,594</u>	<u>418,422</u>

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		£6,817,708	
At 31 March 2005	£1,650,131		£6,817,708	

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	0		0	
At 31 March 2004	0		0	

16 Unrestricted funds (consolidated)

	Balance at 1 April 2004 £	Movement in Funds Designations £	Releases £	Balance at 31 March 2005 £
Loans and fixed assets	247,586	0	0	247,586
Specific reserve	1,419,155	337,315	(312,668)	1,443,802
General redundancy	98,274	80,355	(119,638)	58,991
Cessation fund	371,119	0	0	371,119
Designated grants	154,067		(6,051)	148,016
Total designated funds	2,290,201	417,670	(438,357)	2,269,514
General reserve	87,026	0	(129)	86,897
Total unrestricted funds	<u>2,377,227</u>	<u>417,670</u>	<u>(438,486)</u>	<u>2,356,411</u>

17 Unrestricted funds (parent company)

	Balance at 1 April 2004 £	Movement in Funds Designations Releases		Balance at 31 March 2005 £
	£	£	£	£
Loans and fixed assets	247,586	0	0	247,586
Specific reserve	1,368,203	302,226	(277,579)	1,392,850
General redundancy	98,274	80,355	(119,638)	58,991
Cessation fund	371,119	0	0	371,119
Designated grants	154,067	0	(6,051)	148,016
Total designated funds	2,239,249	382,581	(403,268)	2,218,562
General reserve	87,026	0	(129)	86,897
Total unrestricted funds	2,326,275	382,581	(403,397)	2,305,459

18 Restricted funds

	Balance at 1 April 2004 £	Movement in Funds Designations Releases		Balance at 31 March 2005 £
	£	£	£	£
Bangor Project Community Fund	70,712	81,909	(116,700)	35,921
Canterbury People's Group	4,956	0	0	4,956
Community Forum	430	0	0	430
Community Health Exchange	574	334,777	(181,823)	153,528
Community Resource Fund	14,531	0	0	14,531
Connecting Communities	8,167	0	(1,507)	6,660
Demonstrating Links	0	12,600	0	12,600
Leap for Health: Umbrella Grant	0	19,770	(13,106)	6,664
Leap for Health Unit	0	38,000	0	38,000
Learning Action Centres DFEE	438	0	0	438
Learning Action Centres DTI	2,279	0	0	2,279
Learning Development Partnerships	0	127,768	(109,576)	18,192
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	1,492,414	5,620,437	(5,683,062)	1,429,789
Policy Action Team 15	1,757	0	0	1,757
Regional Links Project	3,896	39,727	(46,755)	(3,132)
Resource	2,363	400	(3,417)	(654)
Scottish Community Action Research Fund	54,686	87,778	(74,817)	67,647
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	0	360	0	360
Standards	11,496	74,100	(74,475)	11,121
Welsh Community Strategy	24,986	0	0	24,986
West Midlands Objective	(60)	118,366	(46,506)	71,800
Women Connect Phase 2	48,780	31,173	(92,795)	(12,842)
Working Together Learning Together	32,114	0	(32,114)	0
WUC Research	744	0	0	744
Total restricted funds	1,791,278	6,587,165	(6,476,653)	1,901,790

19 Other charitable funds

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

	Balance at 1 April 2004 £	Movement in Funds Designations Releases		Balance at 31 March 2005 £
	£	£	£	£
Accumulated fund	0	637,273	(302,226)	335,047

20 Reconciliation of funds (consolidated)

	2005 £	2004 £
Opening funds as at 1 April CDF	4,117,553	4,261,766
Opening funds as at 1 April CPF Trust	50,952	0
Movement in restricted funds	139,009	(580,880)
Movement in unrestricted funds	285,734	487,619
Funds carried forward at 31 March	4,593,248	4,168,505

	Restricted funds £	General funds £	Designated funds £	Total £
Fixed assets	22,053	373,801	0	395,854
Net current assets	1,879,737	2,169,641	148,016	4,197,394
Total funds	1,901,790	2,543,442	148,016	4,593,248

21 Reconciliation of funds (parent company)

	2005 £	2004 £
Opening funds as at 1 April	4,117,553	4,210,815
Movement in restricted funds	139,009	(580,880)
Movement in unrestricted funds	285,734	487,619
Funds carried forward at 31 March	4,542,296	4,117,553

	Restricted funds £	General funds £	Designated funds £	Total £
Fixed assets	22,053	50,801	0	72,854
Net current assets	1,879,737	2,441,689	148,016	4,469,442
Total funds	1,901,790	2,492,490	148,016	4,542,296

22 Related party

CDF received a Grant In Aid of £1,414,000 in 2004-2005 (2003-2004: £1,372,000) from the Active Communities Directorate of the Home Office. CDF also received funding from the Department of Education and Skills amounting to £5,620,437 (2003-2004: £6,054,602). CDF has Deferred Income of £5.5 million received from the Home Office in 2004-2005 (2003-2004: no equivalent income received).

23 Funders

The projects were funded in 2004-2005 by the following organisations

Project	Funding Organisation
Bangor Project Community Fund	Community Fund
Community Health Exchange	NHS Scotland
Connecting Communities	Learning for Scotland
Demonstrating Links	Community Scotland & Scottish Natural Heritage
Leap for Health: Umbrella Grant	Big Lottery Fund
Leap for Health Unit	NHS Scotland
Learning Action Centres	Department for Education and Skills
Learning Development Partnerships	Community Scotland
Neighbourhood Support Fund	Youth Inclusion Team of the Department for Education and Skills
Regional Links project	Active Communities Directorate of the Home Office
Resource	The Council for Museums
Scottish Community Action Research Fund	Communities Scotland
Standards	Communities Scotland
Sustainable Community Network	Rochdale Metropolitan Community Council
West Midlands Objective	European Social Fund/Department of Works and Pensions
Women Connect	Community Forum

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

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 Peoples' 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
Demonstrating Links	A project focussing on providing mentoring/consultancy/publications using the Greenspace LEAP framework	Timing, Methodology, Adherence to Purpose

Restricted funds	Purpose	Restrictions
Gurnos & Treharris Project	A project to build the organisational capacity of both communities and take forward renewal programmes	Timing, Methodology, Adherence to Purpose
Leap for Health: Umbrella Grant	Establish and operate a support unit for practitioners and community health project 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
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 and community engagement	Timing, Methodology, Adherence to Purpose
Leicester Practice Learning Centre	A training centre for community workers wishing to work in community groups	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	Timing, Methodology, Adherence to Purpose
London Survivors Group	Project to set up a network of support for people with mental health issues in the London Area.	Timing, Methodology, Adherence to Purpose
Measures Of Community Shares	Study to analyse ways of judging whether communities are flourishing	Timing, Methodology, Adherence to Purpose
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 development practice	Timing, Methodology, Adherence to Purpose

Restricted funds	Purpose	Restrictions
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 publications on 'Sustainable Communities in the Network Society'	Timing, Methodology, Adherence to Purpose
Welsh Community Strategy	Programme of capacity building and support of five local regeneration programmes 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

24 Reconciliation of net (outgoing)/incoming resources before revaluations and investment asset disposals to net cash flow from operating activities

	2005 £	2004 £
Net incoming/(outgoing)		
Resources before revaluations and investment asset disposals	424,743	(93,262)
Depreciation	49,013	39,764
(Increase)/decrease in debtors	(1,791,229)	3,836,331
Increase/(decrease) in creditors	7,030,831	(2,820,253)
Net cash inflow from operating activities	<u>5,713,358</u>	<u>962,580</u>

25 Reconciliation of net cash flow to movement in net funds

	2005	2004
	£	£
Change in cash for the period	99,227	(15,436)
Cash inflow from changes in liquid resources	5,587,456	939,040
Changes in net funds resulting from cash flows	5,686,683	923,604
Net funds at beginning of year	3,875,398	2,951,794
Net funds at end of year	9,562,081	3,875,398

26 Analysis of net funds

	At 1 April 2004	Cash flow	At 31 March 2005
	£	£	£
Cash available on demand	54,906	(9,432)	45,474
Overdrafts	(124,826)	108,659	(16,167)
Increase in cash for the period	(69,920)	99,227	29,307
Liquid resources			
Short term deposits	3,945,318	5,587,456	9,532,774
Net funds at end of year	3,875,398	5,686,683	9,562,081

27 Other commitments

In the year ended 31 March 2005 CDF had commitments under operating leases related to photocopying leases, a public announcement system lease and rental agreements as follows

	2005	2004
<i>Operating leases which expire</i>		
Within one year	64,037	98,252
In more than one year but less than 5 years	76,642	0
In more than 5 years	0	0
Total	140,679	98,252

28 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 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 fixed rates of interest and CDF is not therefore exposed to significant interest-rate risk.

Foreign currency risk

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

Fair values

The book values of financial instruments are considered equivalent to their fair values as at 31 March 2005.

29 Post balance sheet events

Since the balance sheet date, CPF Trust has sold its existing London headquarters at 60 Highbury Grove, N5 for £750,000 and purchased new premises at 5 Angel Gate, London N1 for the same amount. CPF Trust need to undertake essential works to ensure that these new premises are suitable as new office space so have set aside £186,596 to cover renovation costs.

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