

Company no. 2595247
Charity no. 1002383

The National Federation of Community Organisations (trading as Community Matters)

Report and Financial Statements

31 March 2009



The National Federation of Community Organisations (trading as Community Matters)

Reference and administrative details

For the year ended 31 March 2009

Company number 2595247
Charity number 1002383
Registered office and operational address 12-20 Baron Street, London, N1 9LL

Trustees The trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Gerwyn Jones	Chair	Elected - Wales
Cliff Thornton	Treasurer	Elected
Karen Butigan	(Resigned 27 September 2008)	Elected - North West Region
Terry Burton	(Appointed 27 September 2008)	Elected - London Region
Tony Dearing		Elected - Yorkshire & Humber Region
David Every		Elected - South West Region
Jean Hasketh		Elected - West Midlands Region
Peter Lawson		Elected - South East Region
Geoff Lowe	(Resigned 9 April 2008)	Elected - North East Region
Ronnie Lynn		Co-opted - Young Persons Representative
Lesley Michie	(Resigned 27 September 2008)	Elected - Scotland
Conroy St Hilaire	(Resigned 24 April 2008)	Elected - London Region
John Robinson	(Appointed 27 September 2008)	Elected - North East Region
Jim Thakoordin		Co-opted - BME Representative
David Thompson		Elected - Eastern Region
Rose Walker	(Appointed 27 September 2008)	Elected - North West Region

Chief Executive & Company Secretary

David Tyler

Principal bankers Unity Trust Bank plc
Nine Brindleyplace
Birmingham
B1 2HB

Charities Aid Foundation
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Auditors Sayer Vincent
Chartered accountants and registered auditors
8 Angel Gate
City Road
London
EC1V 2SJ

The National Federation of Community Organisations (trading as Community Matters)

Report of the trustees

For the year ended 31 March 2009

The trustees present their report and the audited financial statements for the year ended 31 March 2009.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with the current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities (issued in March 2005).

Structure, governance & management

Governing document

The National Federation of Community Organisations (known as Community Matters) is a charitable company limited by guarantee, incorporated on the 25 March 1991 and registered as a charity on 29 March 1991.

The charity was established under a memorandum of association which established the objects and powers of the charity and it is governed by its articles of association.

Prior to March 1991 the charity existed as the unincorporated National Federation of Community Organisations, which was established in November 1945 as the National Federation of Community Associations. The name was changed in September 1982.

Appointment of trustees

The trustees of the company consist of the treasurer, nine members from England and one member each for Scotland and Wales. The nine members from England represent nine regions corresponding to the government regions. The regional representatives are elected by members from the appropriate region. The treasurer is elected by the entire membership. The Chair is elected from within the committee of trustees. Elected representatives serve a three year term. The maximum length of continuous service for any individual is nine years.

The trustees have the power to co-opt up to four additional trustees to fill specialist roles. In 2008/2009 there were two co-opted trustees. Co-opted trustees serve for a maximum period of three years.

All members are circulated with invitations to nominate replacements for retiring trustees for appointment at the AGM. If there is more than one nomination for any one region a postal ballot is held in the region concerned to decide which candidate will be formally elected at the AGM.

If there are no nominations for a region or country the trustees may appoint a representative for a period of up to one year until the next AGM. Similarly the trustees may appoint a representative if the vacancy occurs between AGMs.

If there is more than one nomination for the post of treasurer an election is held at the AGM.

The National Federation of Community Organisations (trading as Community Matters)

Report of the trustees

For the year ended 31 March 2009

Trustee induction and training

Trustees are provided with a handbook containing key documents. They are encouraged to attend appropriate external training events where these will facilitate the understanding of their role. Once a year trustees and staff have an all-day meeting to review the work of the charity.

Organisation

The trustees manage the charity. The full trustee board meets quarterly from Friday evening to Saturday afternoon in London. The full trustee board is mainly concerned with policy matters. More detailed trustee management is dealt with through subcommittees. At present these consist of:

- The Finance & General Purposes Committee, which meets eight times a year and deals with financial decisions including fundraising, monitoring of income and expenditure and fixing staff salaries.
- The Audit Committee which meets four times a year.
- The Standing Orders Committee which meets on average four times a year. This committee deals with arrangements for the election of trustees and the conduct of the AGM. It also deals with revisions to the "Model Constitution for Community Organisations"
- A Human Resources Committee that meets when required.
- Other committees and working groups are formed on a temporary basis as appropriate.
- When important matters arise in between meeting cycles the Chief Executive and the officers of the board communicate with each other and the other trustees by phone and/or e-mail in order to reach a decision.
- Responsibility for day to day management of the charity lies with the Chief Executive, David Tyler, with powers and responsibilities approved by the trustees.

Related parties and connected organisations

The charity sublet part of its building to the Scarman Trust, a registered charity. The Scarman Trust was charged the market rent. The charity received £9,495 from the Scarman Trust for rent and service charges in 2008/2009. The Scarman Trust vacated the premises in September 2008.

The charity owns the entire issued share capital of two subsidiary companies, Community Trading Services Ltd and Visible Communities Ltd. Both these companies are not trading at present.

Risk management

The trustees have examined the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate those risks.

The National Federation of Community Organisations (trading as Community Matters)

Report of the trustees

For the year ended 31 March 2009

Objectives and activities

The National Federation of Community Organisations (operating under the name Community Matters) aims to promote, listen to, support and represent all those community organisations established democratically by people in their own communities to meet educational, social and recreational needs. In setting out the objectives and planning the charity's activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Community Matters pursues these aims by:

- Developing the support provided to community organisations
- Ensuring the interests of community organisations are effectively represented locally and nationally

Developing the support provided to community organisations

An extensive range of services is provided to enable volunteer led community organisations to operate effectively. These include:

- A daily advice hotline and email service
- A free consultancy service where members receive a visit from one of our trained consultants
- Six editions of our magazine "Community" a year plus a monthly e mail newsletter
- A fully resourced web-site
- Over 70 information sheets on topics relevant to community organisations
- A range of publications
- Conferences and courses
- A commercial consultancy service providing advice to local authorities and other public bodies
- A range of discounted services for members
- A set of standards (*Becoming Visible*) for community organisations
- Projects which provide additional resources in key areas

Representing the interests of community organisations

Community Matters aims to authoritatively represent its constituency and to speak out nationally in pursuit of its Vision and Mission. To achieve this it:

- Consults widely within its membership on matters of policy and legislation relevant to the sector.
- Seeks to influence government and other national and regional policy through responses to consultations and active participation in a wide range of policy groups and other national forums.
- Seeks to promote the interests of its members through contact with the press and other media, and use its profile and resources to support other smaller community networks.
- Plays a leading role in the Community Sector Coalition, and promotes this body as the most authoritative voice of the community sector.
- Undertakes formal and informal research to inform policy positions.
- Attempts a more pro-active policy stand through partnership and strategic alliances.
- Seeks to extend its influence at a regional level through the targeted use of its National Executive Committee and specialist consultants.

The National Federation of Community Organisations (trading as Community Matters)

Report of the trustees

For the year ended 31 March 2009

Contribution of volunteers

In carrying out its activities the charity makes use of volunteers.

One volunteer is a qualified solicitor who provides free legal advice to members where appropriate.

Achievements and performance

Core services

During the year we provided a wide range of services to community organisations. Our advice helpline and email service operated on a daily basis throughout the year and dealt with over 600 enquiries. Our community consultancy service provided free consultancies to 37 different members. Our training service delivered 30 training days on a range of themes including asset management: The use of our Information Sheet (fact-sheets and briefings) service has expanded significantly, with around 1600 sheets downloaded from our website by members and 200 distributed in hard copy during the year. 16 Information Sheets have been developed or substantially revised during the year. 5 issues of our magazine 'Community' were produced during the year supplemented by a monthly e-newsletter. Our main website continued to be well resourced and well used. We continued to operate our one to one legal advice surgeries for community organisations using earned income and during the year, 31 organisations obtaining legal advice on employment, property (leases), contracts, legal structure for organisations, and finance.

By March 2009 membership had increased to 1180 under the following categories.

Community Organisations 956
Local Development Agencies 85
Local Authorities 83
Housing Associations 31
Local Federations of Community Organisations 25

Policy and partnership

We continued to make substantial representations to government, its agencies and other national bodies on issues that affect our members and our contributions are greatly valued by these bodies and have significant influence on the shape of national policy. Of particular significance during the year were representations on:

- Community management and ownership of assets (England)
- Asset Transfer (Wales)
- Community Empowerment and the White Paper – Communities in Control
- Development of the Communitybuilders and Empowerment funds
- Community anchors policy
- The Licensing act
- Proportionate monitoring and evaluation
- Proportionate governance

The National Federation of Community Organisations (trading as Community Matters)

Report of the trustees

For the year ended 31 March 2009

Policy and partnership (continued)

- Principles of Representation
- Myplace youth facilities programme
- Youth volunteering
- Guns, gangs and knife crime and Youth Crime Action Plan
- Childrens Centres and Extended Schools
- Fair Play consultation
- Safeguarding children and vulnerable adults (including Laming review)
- Shaping DCSF 'Plings' programme
- Youth leadership
- Community and youth aspiration (cross Government initiative)
- 21st Century schools
- DCSF Third Sector Strategy
- Defra Third Sector Strategy
- National Audit Office Third Sector Strategy
- DoH Third Sector involvement
- National Indicator 4 – Definition of Community Empowerment
- Business involvement with the third sector re: asset transfer
- Third Sector Survey for National Indicator 7 – a healthy third sector
- Development of Guide Neighbourhoods Network
- Development of Eco Towns
- Future of the Compact
- Big Lottery Fund forward strategy
- Development of Community Development National Occupation Standards
- Duty to promote democracy
- Principles of civil society
- Third sector independence
- Music licensing and copyright (PPL/PRS)
- Surface water drainage charges
- Future of SORP accounting practice for charities
- Regional Empowerment Partnerships and Regional Infrastructure Consortia and Regional
- Risk and Regulation Task Force
- Charitable Incorporated Organisation legal form
- Intergenerational activity
- Government recession strategy for the third sector
- Take Part programme
- Benefits, welfare and the Community Allowance
- Future of volunteering

Our principle partnership with the Development Trusts Association (DTA) and the British Association of Settlements & Social Action Centres (bassac), the Community Alliance, has continued to raise awareness of community anchor organisations and to influence Government and other national policy in relation to them. After substantial lobbying, the White Paper – Communities in Control announced a new capital fund for these organisations – Communitybuilders. Other departments including the Cabinet Office and the Home Office have also begun to recognise the importance of community anchors in both policy and programmes.

The National Federation of Community Organisations (trading as Community Matters)

Report of the trustees

For the year ended 31 March 2009

We continued to lead the Law Monitoring Group in which we joined forces with many other national umbrella organisations to share information and plan responses on changes to the law and to regulation. The LMG made policy responses and input on a number of issues during the year, including Copyright Fees, Water Surface Drainage, Licensing Acts - DPS, Composting and the new CIO.

Other national partnership work included being a leading member of the Community Sector Coalition, which has successfully increased the profile of the community sector during the year and sought to influence Government policy in relation to communities.

Other projects

We continued to work closely with the DTA to deliver support to partnerships of local authorities and community organisations seeking to transfer assets and develop asset strategies. The programme is funded by the Department for Communities and Local Government. We are represented on the Asset Transfer Unit Stakeholder Forum and will be delivering further work for the Unit in partnership with the DTA.

Our Youth at the Centre programme, a development of our former Youth programme, was re-funded by the Department for Children, Schools and Families (DCSF). During the year we continued to host and Chair the Kindle partnership (Community Sector Partnership for Children and Young People) made up of 6 national umbrella organisations. The group developed a good working relationship with the DCSF funded Commissioning Support Programme and will continue to work closely with them to ensure that commissioning practice continues to recognise the value and contribution of the community sector.

The Youth at the Centre Programme exceeded all the programmes targets. In addition to developing the above partnership and links, we also supported 19 community organisations one to one, organised and delivered 12 workshops in which 107 organisations participated, and provided regular updates on a range of relevant issues for community organisations through our new webpage as well as our e-newsletter and magazine. Demand for our Engaging Young People Toolkit continues and this year we updated the toolkit and will be providing it as a free online resource in the coming year. We have also developed a new working relationship with the National Youth Agency and will be working with them on intergenerational pilot programme over the coming year along with other new projects that will support and build the capacity of community organisations in their work with children, young people and communities.

Our work with the Community Alliance delivered both a national and a regional programme. The national programme focused on the delivery of our VISIBLE quality standards programme for community anchors (see below) while the regional programme continued to provide direct support to local anchors through a network of regional staff, and to represent their interests in the regions. Key achievements for the regional programme were :

- Delivering direct individual support and advice to over 120 members.
- Providing support and advice to over 40 councils.
- Organising and delivering over 50 events, and delivering presentations at a further 30 events organised by others.
- Representation at over 80 regional committee meetings.
- Supporting Visible Information Days across the country and supporting the appropriate placing of Community Assets Matter events.

The National Federation of Community Organisations (trading as Community Matters)

Report of the trustees

For the year ended 31 March 2009

In London our programme had another successful year. The London Development worker provided long term support to 30 individual organisations and arranged 4 training events. She also chaired the London Change-Up Premises Sub-group which has embarked upon an ambitious plan, in partnership, to extend the skills of volunteers in premise management in the London region.

Our programme to promote our VISIBLE standards for Community Organisations continued to make good progress with a total of 165 copies of the standards sold during the year, 15 new local authorities and other organisations adopting the standards locally, 61 organisations supported individually to take-up the standards and 16 regional events delivered to promote the standards. Our accreditation programme continues to make good progress with 2 more organisations becoming accredited during the year and a pipeline of 48 at the close of the year. We developed an electronic online version of the workbook for members convenience and this will go live late Spring 2009. This project was funded by the Office of the Third Sector as part of the national Community Alliance programme. We were also fortunate to secure a three year grant from the Lankelly Chase Foundation to provide bursaries to community organisations seeking accreditation.

This was the second year of the Community Asset Transfers demonstration programme, which is funded by the Dept for Communities and Local Government (CLG) to encourage and support the development of partnerships between local authorities and community organisations for the transfer of community premises and land to the community organisations. We continued the close partnership with the Development Trusts Association in the oversight and delivery of the programme and are a member of the Steering Group and of the Implementation Partners Group and are represented on the Selection Panel for the annual programme. Our consultants are actively involved in delivering the programme as case managers and in delivering direct consultancy support funded under this programme. The CLG White Paper "Communities in Control" published in July 2008 announced the establishment of the Asset Transfer Unit to build on the work of this programme in which we will continue to be a partner.

Financial review

In 2008/2009 the charity achieved net outgoing resources, on unrestricted funds, of £23,397. The financial position remains strong as the charity has sufficient reserves to to fund the deficit.

Government grants contributed £444,535 during the year, £367,535 from the Office of the Third Sector at the Cabinet Office & £77,000 from the Department for Children, Schools and Families. The charity also received £113,357 for work on asset transfer, funded by the Department for Communities & Local Government, via the Development Trusts Association.

Investment powers and policy

The charity has the power to invest in any way the trustees wish. However having regard to liquidity requirements the trustees have decided to keep any spare funds not required for immediate use in an interest bearing instant access account with the Charities Aid Foundation.

The National Federation of Community Organisations (trading as Community Matters)

Report of the trustees

For the year ended 31 March 2009

Reserves policy

The charity aims to hold in reserves sufficient funds to meet its likely outstanding obligations if circumstances arise where the trustees are obliged to wind down the company. The estimated costs are as follows:

Lease exit costs	£32,000
Redundancy payments to staff	£30,000
Six months basic running costs	£180,000
Total	£242,000

At the balance sheet date the charity had unrestricted reserves of approximately £248,000, £235,500 in cash and short term net assets and £12,500 in fixed assets and stock.

Plans for future periods

We have secured a 3 year grant from the Department for Communities and Local Government from their Empowerment Fund and are currently developing a national programme of community development initiatives for members and other community organisations

We are a member of the consortium (with Adventure Capital Fund and our other Community Alliance partners) that was appointed to deliver the 2-year Communitybuilders programme and are currently planning a national support programme to community anchors and emerging anchors to enable their growth and sustainability through the fund.

The Community Alliance was chosen by the Home Office to deliver a 12 month programme of support to community organisations to access grants to improve home security in areas of high burglary crime – the Safer Homes Fund. We are currently promoting the programme to members and supporting the take-up of grants.

Statement of responsibilities of the trustees

The trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and charity and the incoming resources and application of resources, including the net income or expenditure, of the group for 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 in operation.

The National Federation of Community Organisations (trading as Community Matters)

Report of the trustees

For the year ended 31 March 2009

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

The trustees confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2009 was 1180 (2008 - 1162). The trustees have no beneficial interest in the charity.

Auditors

Sayer Vincent were re-appointed as the charity's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 24 July 2009 and signed on its behalf by

Cliff Thornton - Treasurer

Independent auditors' report

To the members of

The National Federation of Community Organisations (trading as Community Matters)

We have audited the financial statements of The National Federation of Community Organisations (trading as Community Matters) for the year ended 31 March 2009 which comprise the consolidated statement of financial activities, balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

Respective responsibilities of the trustees and auditors

The responsibilities of the trustees (who are also the directors of The National Federation of Community Organisations (trading as Community Matters) for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), are set out in the statement of responsibilities of the trustees.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the annual report of the trustees is consistent with the financial statements. In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the trustees' remuneration and other transactions is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

To the members of

The National Federation of Community Organisations (trading as Community Matters)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the group and charitable company's state of affairs as at 31 March 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the trustees is consistent with the financial statements.

19 August 2009

SAYER VINCENT
Chartered accountants & registered auditors
London

The National Federation of Community Organisations (trading as Community Matters)

Statement of financial activities (Incorporating an income and expenditure account)

For the year ended 31 March 2009

	Unrestricted	Restricted	2009	2008
	Note	£	Total	Total
		£	£	£
Incoming resources				
<i>Incoming resources from generated funds</i>				
Voluntary income	2	261,603	-	255,268
Activities for generating funds	3	30,125	-	42,736
Investment income		14,408	830	9,850
Other income		13,098	-	-
<i>Incoming resources from charitable activities</i>	4	136,438	703,117	875,974
Total incoming resources		<u>455,672</u>	<u>703,947</u>	<u>1,183,828</u>
Resources expended				
<i>Costs of generating funds:</i>				
Cost of generating voluntary income	5	38,633	-	66,307
<i>Charitable activities</i>				
Advice & information	5	91,396	5,048	143,584
Consultancy & training		81,744	97,400	150,302
Policy work		19,176	-	18,146
Asset transfer consultancies		2,265	113,357	9,575
Young people's projects		17,973	77,000	177,584
Regional projects		65,872	296,799	272,966
VISIBLE standards		40,502	120,761	185,684
Membership services		80,905	1,000	72,769
<i>Governance costs</i>	5	40,603	-	33,188
Total resources expended		<u>479,069</u>	<u>711,365</u>	<u>1,130,105</u>
Net (outgoing)/incoming resources	6	(23,397)	(7,418)	53,723
Reconciliation of funds				
Total funds brought forward		<u>271,729</u>	<u>62,717</u>	<u>334,446</u>
Total funds carried forward		<u><u>248,332</u></u>	<u><u>55,299</u></u>	<u><u>334,446</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed above and in note 17 to the financial statements.

The National Federation of Community Organisations (trading as Community Matters)

Balance sheet

As at 31 March 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible fixed assets	9	8,084	9,899
Investments	10,11	<u>102</u>	<u>102</u>
		8,186	10,001
Current assets			
Stocks	12	4,392	5,416
Debtors	13	169,486	122,508
Cash at bank and in hand		<u>255,109</u>	<u>300,512</u>
		428,987	428,436
Liabilities			
Creditors: amounts due within one year	14	<u>133,542</u>	<u>103,991</u>
Net current assets		<u>295,445</u>	<u>324,445</u>
Net assets	16	<u><u>303,631</u></u>	<u><u>334,446</u></u>
Funds			
Restricted funds	17	55,299	62,717
General funds		<u>248,332</u>	<u>271,729</u>
Total charity funds		<u><u>303,631</u></u>	<u><u>334,446</u></u>

Approved by the trustees on 24 July 2009 and signed on their behalf by

Cliff Thornton - Treasurer

Gerwyn Jones - Chair

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005).
- b) Voluntary income received by way of donations and gifts to the charity is included in full in the statement of financial activities when receivable.
- c) Income received from the sale of goods and services is recognised in the financial statement in the year in which the good is sold or the service provided. Income received under contracts for services which cross over the year end are recognised in the financial statements in line with the percentage of completion of the contract at the year end.
- d) Revenue grants are credited to the statement of financial activities when received or receivable, whichever is earlier.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions the incoming resource is deferred.

- e) Resources expended are allocated to the particular activity where the cost relates directly to that activity. Resources expended include attributable VAT which cannot be recovered.

Support costs are allocated on the basis of staff costs incurred on each activity.

Cost of generating funds	5%
Advice & information	6%
Consultancy & training	15%
Policy & research	3%
Asset transfer	10%
Young people's projects	13%
Regional projects	20%
VISIBLE standards	20%
Membership services	5%
Governance	3%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

The costs of generating funds relate to the costs incurred by the charitable company in raising funds for the charitable work.

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

1. Accounting policies (continued)

- f) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

All items	4 years
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Items of furniture equipment are capitalised where the purchase price exceeds £250, and for computer equipment £100. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

- g) Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management and support costs.
- h) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- i) The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund.
- j) Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

2. Voluntary income

	Restricted £	Unrestricted £	2009 Total £	2008 Total £
Office of the Third Sector	-	261,603	261,603	255,268
Donations	-	-	-	45
Total	-	<u>261,603</u>	<u>261,603</u>	<u>255,313</u>

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

3. Activities for generating funds

	Restricted £	Unrestricted £	2009 Total £	2008 Total £
Rent & service charges	-	9,495	9,495	28,798
Insurance commission	-	14,490	14,490	11,725
Bar separations	-	6,140	6,140	681
Other	-	-	-	1,532
	<u>-</u>	<u>30,125</u>	<u>30,125</u>	<u>42,736</u>

4. Incoming resources from charitable activities

	Restricted £	Unrestricted £	2009 Total £	2008 Total £
Restricted Grants	701,932	-	701,932	612,583
Membership subscriptions	-	79,464	79,464	76,679
Consultancy & training contracts	-	3,090	3,090	131,187
Conference fees	1,185	20,845	22,030	15,386
Sales of publications	-	11,077	11,077	24,853
Visible Licences & Accreditation	-	5,839	5,839	-
Phonographic performance licences	-	16,123	16,123	15,286
	<u>703,117</u>	<u>136,438</u>	<u>839,555</u>	<u>875,974</u>

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

5. Total resources expended

	Costs of generating funds	Advice / information	Consultancy / training	Policy / research	Asset Transfer Cons	Young peoples projects	Regional projects	VISIBLE standards	Membership services	Governance costs	Support costs	2009	2008
	£	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs (Note 7)	23,430	26,614	71,465	13,516	48,536	60,233	98,554	96,713	23,262	12,126	34,337	508,786	470,094
Contract staff	-	3,300	11,126	-	-	2,200	60	-	-	-	-	16,686	22,066
Casual trainers & consultants	-	32,804	49,361	-	46,760	2,130	163,085	13,394	-	-	-	307,534	243,502
Recruitment	-	-	650	-	-	115	-	-	-	-	-	765	2,310
Consultancy	-	-	1,200	-	-	-	300	-	13,600	-	9,020	24,120	8,221
Travel and subsistence	-	517	721	-	-	1,226	17,922	3,144	-	12,863	7,828	44,221	42,015
Publications for resale	-	7,350	-	-	-	-	-	-	-	-	-	7,350	8,857
Promotions, conferences etc	-	2,502	1,786	-	-	978	12,297	2,710	18,306	-	3,712	42,291	24,735
PPL	-	-	-	-	-	-	-	-	11,926	-	-	11,926	11,524
Premises	2,271	-	-	-	-	-	-	-	-	-	72,439	74,710	70,800
Stationery & printing	267	12,211	12,906	-	-	2,866	2,684	4,799	-	4,649	18,441	58,823	54,561
Post & phone	982	-	-	-	-	-	23	-	-	-	16,265	17,270	24,124
I T Services	-	-	-	-	-	-	-	-	1,073	-	12,406	13,479	13,780
Insurance	-	-	-	-	-	-	-	-	-	-	2,982	2,982	3,008
Audit fees	-	-	-	-	-	-	-	-	-	5,890	-	5,890	6,360
Local Fed Comm	-	-	-	-	-	-	-	-	2,996	-	-	2,996	2,016
Depreciation	-	-	-	-	-	-	-	-	-	-	6,316	6,316	6,603
MV project costs	-	-	-	-	-	-	-	-	-	-	-	-	61,224
Sundry expenses	-	-	-	-	-	-	26,472	-	1,000	-	713	28,185	37,103
Trading expenses	1,871	-	-	-	-	-	-	-	-	-	-	1,871	4,041
Irrecoverable VAT	-	-	-	-	-	-	-	-	-	-	14,233	14,233	13,161
Total resources expended	28,821	85,298	149,215	13,516	95,296	69,748	321,397	120,760	72,163	35,528	198,692	1,190,434	1,130,105
Support costs	9,812	11,146	29,929	5,660	20,326	25,225	41,274	40,503	9,742	5,075	(198,692)	-	-
Total resources expended	38,633	96,444	179,144	19,176	115,622	94,973	362,671	161,263	81,905	40,603	-	1,190,434	1,130,105

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

6. Net incoming resources for the year

This is stated after charging:

	2009	2008
	£	£
Depreciation	6,316	6,603
Trustees' indemnity insurance	1,769	1,769
Trustees' remuneration	-	-
Trustees' reimbursed expenses	12,863	11,926
Auditors' remuneration:		
▪ Audit	5,890	6,360
Operating lease rentals:		
▪ Property	56,700	56,700

Trustees' reimbursed expenses represents the reimbursement of travel and subsistence costs to 14 (2008: 14) members relating to attendance at meetings of the trustees.

7. Staff costs and numbers

Staff costs were as follows:

	2009	2008
	£	£
Salaries and wages	431,527	402,480
Employer's national insurance	43,514	40,782
Employer's pension contributions	33,745	26,832
	508,786	470,094

No employee earned more than £60,000 during the year.

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2009	2008
	No.	No.
Charitable activities	14	14
Governance	1	1
	15	15

8. Taxation

The charity is exempt from corporation tax as its income is charitable and is applied for charitable purposes.

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

9. Tangible fixed assets

	Office equipment £	Computers £	Total £
Cost			
At the start of the year	17,143	15,809	32,952
Additions in year	974	3,527	4,501
Disposals	(4,700)	-	(4,700)
At the end of the year	<u>13,417</u>	<u>19,336</u>	<u>32,753</u>
Depreciation			
At the start of the year	11,289	11,764	23,053
Charge for the year	2,739	3,577	6,316
Eliminated on disposal	(4,700)	-	(4,700)
At the end of the year	<u>9,328</u>	<u>15,341</u>	<u>24,669</u>
Net book value			
At the end of the year	<u>4,089</u>	<u>3,995</u>	<u>8,084</u>
At the start of the year	<u>5,854</u>	<u>4,045</u>	<u>9,899</u>

10. Investments

	2009 £	2008 £
Market value at the start of the year	102	102
Additions at historic cost	<u>-</u>	<u>-</u>
Market value at the end of the year	<u>102</u>	<u>102</u>
Historic cost at the year end	<u>102</u>	<u>102</u>

Investments comprises shares held in subsidiary undertakings incorporated in the UK.

	2009 £	2008 £
100 ordinary shares in Community Trading Services Ltd	100	100
2 ordinary shares in Visible Communities Ltd	<u>2</u>	<u>2</u>
	<u>102</u>	<u>102</u>

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

11. Subsidiary undertakings

The charity owns the entire issued share capital of Community Trading Services Ltd, a company registered in England. The company was formed to carry out non-primary purpose trading. At present the company is not trading as the non-primary purpose trading is being undertaken by the charity within the allowed HMRC limits.

	2009 £	2008 £
The aggregate of the assets, liabilities and funds was:		
Assets	100	100
Liabilities	<u>(100)</u>	<u>(100)</u>
Funds	<u>-</u>	<u>-</u>

The charity also owns the entire issued share capital (£2) of Visible Communities Ltd, a company registered in England. The company is currently dormant.

12. Stocks

	2009 £	2008 £
Finished goods	<u>4,392</u>	<u>5,416</u>
	<u>4,392</u>	<u>5,416</u>

13. Debtors

	2009 £	2008 £
Trade debtors	106,203	64,680
Other debtors	9,020	7,079
Prepayments	25,913	22,399
Rent deposit	<u>28,350</u>	<u>28,350</u>
	<u>169,486</u>	<u>122,508</u>

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

14. Creditors: amounts due within one year

	2009	2008
	£	£
Trade creditors	96,139	78,303
Other creditors	4,146	4,599
Accruals & deferred income	33,257	21,089
	<u>133,542</u>	<u>103,991</u>

15. Contingent liability

Prior to October 2001 the charity joined a multi-employer defined benefit pension scheme. The trustees are aware of a potential liability under the Occupational Pension Schemes (Employer Debt on Withdrawal) Regulations 2005 should they cease to be a member of the schemes provider (The Pensions Trust). As at the 31 March 2009 the potential liability was estimated by the Scheme Actuary as £455,852 (2008 - £192,960).

As the charity has no intention of withdrawing from the scheme in the foreseeable future the likelihood of the debt crystallising is considered remote, and therefore no liability has been included in the balance sheet.

16. Analysis of net assets between funds

	Restricted funds £	General funds £	Total funds £
Tangible fixed assets	-	8,084	8,084
Net current assets	<u>55,299</u>	<u>240,248</u>	<u>295,547</u>
Net assets at the end of the year	<u>55,299</u>	<u>248,332</u>	<u>303,631</u>

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

17. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds:					
Local Federation Development Fund	22,248	830	(1,000)	-	22,078
DCLG - Asset Transfer	-	113,357	(113,357)	-	-
OTS - Community Alliance	5,516	105,932	(111,448)	-	-
IDEA	9,313	-	(9,313)	-	-
Community Assets Matter	-	97,400	(97,400)	-	-
DCSF -Youth project	-	77,000	(77,000)	-	-
BASIS - Regional Project	11,362	206,326	(215,948)	-	1,740
East Midlands Reg Emp Partnership	-	8,000	(5,931)	-	2,069
Yorks/Humber Reg Emp Partnership	-	8,185	(4,798)	-	3,387
DEFRA - Every Action Counts	5,048	-	(5,048)	-	-
London project	9,230	59,167	(66,211)	-	2,186
CapacityBuilders - London	-	27,750	(3,911)	-	23,839
Total restricted funds	<u>62,717</u>	<u>703,947</u>	<u>(711,365)</u>	-	<u>55,299</u>
Unrestricted funds:					
General funds	<u>271,729</u>	<u>455,672</u>	<u>(479,069)</u>	-	<u>248,332</u>
Total funds	<u><u>334,446</u></u>	<u><u>1,159,619</u></u>	<u><u>(1,190,434)</u></u>	<u><u>-</u></u>	<u><u>303,631</u></u>

Purposes of restricted funds

The Local Federation Development Fund holds the residual assets of local federations of community organisations that have closed down. The purpose of the fund is to assist the development of local federations.

The DCLG (Department of Communities and Local Government) asset transfer work is funded by DCLG via a grant to the DTA. It provides for consultancy advice to assist local authorities in transferring assets to voluntary organisations.

The Community Alliance project is a joint project with the DTA (The Development Trusts Association) & BASSAC (The British Association of Settlements & Social Action Centres). The Community Alliance receives funding jointly from the OTS (Office of the Third Sector) and distributes this between the three partners on the basis of work being undertaken for the Community Alliance programme. Community Matters' contribution includes the promotion of the VISIBLE standards.

The Improvement and Development Agency for local government (IDeA) provided a grant for £15,000 in 2007/2008 for work on the accreditation of the VISIBLE standards. The balance was spent in 2008/2009.

The National Federation of Community Organisations (trading as Community Matters)

Notes to the financial statements

For the year ended 31 March 2009

17. Movement in funds (continued)

The Community Assets Matter Project is funded by CapacityBuilders. The aim is to provide training for those who provide information and advice on the management of Community Buildings. The accountable body for this grant is ACEVO (Association of Chief Executives of Voluntary Organisations)

The Youth project exists to provide additional support to community organisations to enhance their services for young people. It is funded by the Department for Children, Schools and Families.

The Regional project is funded by the Big Lottery Fund under their BASIS Programme. It is a joint project with BASSAC and the DTA. The programme will provide additional support to the members of the three networks in the regions. The lead body for the grant is the DTA. In 2008/2009 Community Matters received £206,326 for the programme (Grant Ref BAS/2/0102031277).

The Regional Empowerment Partnerships are funded by the National Empowerment Partnership. In the East Midlands Community Matters is hosting the Efficiency and Improvement Consortia for Asset Transfer. In Yorkshire and Humber the grant is being used to deliver workshops and literature promoting Community Anchors.

The "Every Action Counts" programme is funded by DEFRA (Department for Environment, Food and Rural Affairs) through the Community Sector Coalition. The purpose of the project is to promote ideas on sustainable development in the Community Sector.

Until February 2009 the London project was a joint project with BASSAC, funded by London Councils in the sum of £60,000 p.a. From February 2009 the project is funded by London Councils via a grant to the DTA. Community Matters received the equivalent of £40,000 per annum from this source. The London Project also received an additional £2500 from the London Change-Up Consortium for some of the work of the London Premises Sub-Group.

CapacityBuilders London is funding a project to produce an A - Z guide for Managing Community Buildings. The work will also involve the production of an interactive website. The work is a joint project with the DTA and the EPF (Ethical Property Foundation).