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CHARITIES TRUST (LIMITED BY GUARANTEE)

Registered No. 2142757

(Registered Charity No. 327489)

REPORTS AND FINANCIAL STATEMENTS

30 APRIL 2011

**CHARITIES TRUST
SUITE 20-22 CENTURY BUILDING
BRUNSWICK BUSINESS PARK
TOWER STREET
LIVERPOOL L3 4BJ**

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CHARITIES TRUST (LIMITED BY GUARANTEE)
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2011

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CHARITIES TRUST (LIMITED BY GUARANTEE)

REPORT OF THE BOARD

The Board, who are the Trustees of the Charity and who act as directors for the purposes of company law, present their report, together with the audited financial statements of the Charity, for the year ended 30 April 2011

REFERENCE AND ADMINISTRATIVE DETAILS

The registered name and trading name of the Charity is Charities Trust

The Charity is registered with the Charity Commission for England and Wales under registered number 327489

The Charity is a company limited by guarantee and is registered with Companies House under registered number 2142757

The address of the registered office is Suite 22 Century Building, Brunswick Business Park, Tower Street, Liverpool, Merseyside L3 4JB

The directors who served during the financial year were

- D H Heap (Chair) (Resigned 24/05/10)
- R O Boardley
- G J Morris
- M J B Hogarth (Chair from 24/05/10)
- P Caris (Resigned 12/05/10)
- J Jones (Appointed 04/05/10)
- P Roche (Appointed 04/05/10)

Company Secretary

- M J B Hogarth (Resigned 04/05/10)
- M Murphy (Appointed 04/05/10)

Day to day management of the charity was delegated by the board to Linda Minnis the Chief Executive

The Charity's bankers are Barclays Bank plc, Liverpool

The Charity's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the annual general meeting

CHARITIES TRUST (LIMITED BY GUARANTEE)

REPORT OF THE BOARD (Continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charities Trust is a company limited by guarantee and not having a share capital. The Memorandum and Articles of Association are its governing document.

Recruitment and induction of new directors

The board has developed specific policies for the recruitment and induction of new directors.

- 1 Each year the board will conduct a review of its membership. This will entail a definition of the skills / diversity required at board level in order for the board to fulfil its function and an assessment of whether the necessary skills / diversity are available.
- 2 If a gap exists between the skills / diversity required the board may decide to fill the gap by recruiting one or more additional directors. In this event the board will agree a specification of requirements for the additional director(s).
- 3 The board will use its network of contacts to identify individuals who meet the specification of requirements. The appropriate board member will make contact with the individual, to determine whether they would be interested in joining the board.
- 4 Arrangements will be made for interested individuals to meet the Chair and Chief Executive. Before this meeting the individual(s) will be provided with:
 - A copy of the Memorandum and Articles of Association
 - A copy of the board's governance policy framework
 - A copy of the papers of the most recent board meetingFollowing the meeting the Chair and Chief Executive will make appropriate recommendations to the board.
- 5 If the board agrees, the individual(s) will be invited to serve on the board for a probationary period of two consecutive meetings.
- 6 Prior to attendance at their first board meeting, the individual(s) will be invited to visit Charities Trust to meet the management team and see the operation in action.
- 7 After the second meeting the board will agree whether the individual(s) should join the board. If such agreement is reached the Chair will contact the individual(s) and if they agree to join the board the Chair will instruct the Company Secretary to complete the formalities.
- 8 All new board members will receive a formal letter of appointment from the Chair, setting out their duties and obligations. New board members will be required to sign a statement confirming that they will meet their duties and obligations to the board and the Charity.
- 9 New trustees are provided with Charity Commission guidance upon appointment. Trustees are kept abreast of Charity regulation and its effect on Charities Trust at quarterly Board meetings.

One member of the Board is also a Director of a Company who has been appointed by Charities Trust as its External Lottery Manager. Please see Note 14 for further details.

CHARITIES TRUST (LIMITED BY GUARANTEE)

REPORT OF THE BOARD (Continued)

No person or body external to the Charity is entitled to appoint directors

Organisational structure and decision making

The board links governance and management functions through a single Chief Executive

- 1 All board authority delegated to the operational organisation is delegated through the Chief Executive, so that all authority and accountability for the operational organisation is considered to belong to the Chief Executive
- 2 The Chief Executive is accountable to the board for achieving provisions of the board's policies and complying with the provisions of the board's Executive Limitations policies
- 3 Monitoring data that disclose the degree of organisational performance upon clear objectives agreed with the Board is considered to be the principal evaluation of the Chief Executive's performance
- 4 Individual directors may have whatever relationship with the Chief Executive or staff member that is acceptable to the Chief Executive, except that they can never carry the instructive authority of the board, nor can they waive requirements set out by the board

The Chief Executive has no authority to make any decision about any matter that the board has specifically reserved to itself for decision Accordingly the Chief Executive must not make decisions without prior board approval regarding

Strategic Issues

Consideration of any project or venture that involves or could lead to a significant alteration to the Charity's risk profile

Financial Items

Approval of the annual budget

Approval of political donations

Approval of charitable donations in excess of £5,000

Approval of capital expenditure in excess of £5,000

Approval to the issue of any debt securities

Approval of unbudgeted loan facilities

Approval of debt factoring or sale & lease-back arrangements

Approval of Annual Reports and Financial Statements

Agreements

Approval of acquisitions, mergers or disposals of any business or subsidiary, regardless of value

CHARITIES TRUST (LIMITED BY GUARANTEE)

REPORT OF THE BOARD (Continued)

Approval of the entering into, material amendment or termination of any joint venture, profit sharing arrangement or partnership with a third party

Legal Structure

Any modifications to the legal structure of the Charity or any of its subsidiaries

Litigation

Approval of the initiation, conduct and settlement of litigation

Administration and Benefits

Alteration of the Charity's accounting reference date

Approval of

- specific remuneration packages for the Chief Executive and key second-tier managers
- pension rights
- compensation payments

Approval of any alteration to the name or registered office of the Charity or any of its subsidiaries

Alteration to the Charity's Memorandum or Articles of Association

Board Arrangements

Appointment / removal of the company secretary

Appointment / removal of directors

Appointment / removal of Members

Establishment of board committees and approval of terms of reference

Appointment of directors to subsidiary companies

Board Policies

Amendment of any board policy

The major risks, to which the Charity is exposed, as identified by the board, have been reviewed and systems or procedures have been implemented to manage those risks

CHARITIES TRUST (LIMITED BY GUARANTEE)

REPORT OF THE BOARD (Continued)

OBJECTIVES AND ACTIVITIES

Objects

The objects of the Charity as set out in its governing document are

- to advance any charitable purpose for the benefit of the public wheresoever in the world as the Charity may think fit and in so far as the same are entirely ancillary to such object but not further or otherwise The Trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Commission
- to accept and undertake the administration and management (whether completely or only in part) of charitable trusts whether as agents for the trustees of such trusts or otherwise and to require and accept fees on account of such work of administration and management
- to act as an agent for the purposes of Section 713 of the Income Tax (Earnings & Pensions) Act 2003 or any re-enactment thereof and to require and accept fees for so acting
- to act as a payroll giving agency in order to receive donations for application to such charity or charities as the donor may specify and if for any reason it becomes impossible for the Charity to pay any such donation to a charity specified by a donor the Charity shall, so far as is permitted by law, pay that amount to such other charity or charities as it may consider has objects similar to those of the charity specified by the donor

Policy

The mission of the Charity is to maximise charitable revenues and direct them to the charities sector

In pursuit of this mission, Charities Trust will bring about results by

- 1 Acting as a facilitator between corporate and charitable Britain in the collection and distribution of donations
- 2 Ensuring that donations are enhanced by tax efficiencies where appropriate
- 3 Being a partner of choice ensuring that costs are minimised and returns to the sector are maximised

CHARITIES TRUST (LIMITED BY GUARANTEE)

REPORT OF THE BOARD (Continued)

Strategies to Achieve Objectives

The Charity seeks to engage with employing organisations, with a view to

- introducing or developing fundraising programmes in support of an organisation's Corporate Responsibility programme
- introducing or enhancing Payroll Giving within the workplace
- increasing donor involvement within the workforce
- increasing donation volumes and values

Innovation, creativity and adding value are regarded as critical success factors. The Charity recognises that employing organisations typically operate in a very competitive environment and do not necessarily have the resources to devote to non-core commercial activities. As such, the Charity often takes the lead in campaign development, such that the benefits are derived with minimum distraction for the employing organisation. Where appropriate, the Charity will approve expenditure to promote payroll giving and to provide grants to other charitable institutions.

The Charity also pays close attention to controlling its cost base and seeks continuous improvement to its processes. This is based on the recognition that if administrative and processing costs can be reduced then more funds will flow through to the charitable causes.

Any cumulative surplus that may be made will be devoted solely to the aims of the Charity.

Charities Trust enables individuals and companies to increase their charitable giving by providing a range of fundraising services including payroll giving, on and off line sponsored fundraising and management of charity appeal funds. Wherever possible, donations are tax effective for the donor, company or charity.

Public Benefit

The Trustees have had regard to Charity Commission guidance on public benefit in Section 4 of the Charities Act 2006 and believe the Charity contributes to the public benefit by adding value to the charitable sector at minimal cost.

The Charity enables and encourages charitable giving by providing

- freedom accounts and payroll giving to regular givers
- on-line donation facilities for sponsored events and other one-off appeals
- collection of cheques for one-off charitable appeals
- charity fund accounts for smaller charities who therefore avoid the administrative costs of setting up a separate charity
- support to companies in their work with charities and communities and helping them to engage employees in charitable activity

If a surplus is generated it is used to develop products and services which will in turn increase donations to charities.

CHARITIES TRUST (LIMITED BY GUARANTEE)

REPORT OF THE BOARD (Continued)

ACHIEVEMENTS AND PERFORMANCE

Total donations handled during the period of £46,931,624 (2010 - £32,655,206) represent a 44% increase in charitable giving over the previous year. The board regards this as a very good performance. These are reported as Incoming Resources for Restricted and Designated Funds in the SOFA and as Incoming Resources for Funds held as Agent in Note 12.

The main factors affecting the growth of donations processed during the year were an increase in payroll giving due to new clients and to successful payroll giving promotions, further growth in the Christmas matched donations campaign promoted by The Big Give and various Newspaper Christmas Appeals and more fundraising and corporate matching donations.

The incoming resources from charitable activities was £1,343,170 (2010 - £1,079,612) and these are collected on a fee basis derived from the donations referred to above. The basis for charging fees is normally 4% of the donation although payroll giving is charged at 25p per employee per month. The most significant fees for the year were

- Payroll Giving £446,067
- Christmas Appeals & Other Campaigns £321,685

These incoming resources form part of Charities Trust's Unrestricted Funds and are used to offset the costs of managing and processing donations, classified as Support Costs in the SOFA. Support and governance costs, as a proportion of donations processed, have fallen from 3.74p per £1 in 2010 to 2.95p per £1 in 2011. The net incoming resources for Charities Trust's General Unrestricted Funds (i.e. its own reserves) increased by £139,491 for the period (2010 decrease of £6,563).

The net outgoing resources for all funds for the period was £823,284 (2010 - £331,736) and these have been transferred from the accumulated fund. The net outflow of funds represents the distribution of funds, which had been built up in previous years, to good causes in accordance with donor's instructions.

The company became registered for VAT with effect from 1 March 2010 and all statutory returns have been submitted to HM Revenue and Customs.

FINANCIAL REVIEW

Reserves policy

The policy of the board is to achieve a level of reserves sufficient to meet the fixed costs of the Charity for a period of twelve months and future investment in the company's infrastructure to support on-going expansion. In April 2011 this amount was estimated to be £550,000 (2010 - £550,000) and the actual unrestricted reserves (excluding designated reserves) were £733,368 (2010 - £593,877).

The reserves policy was reviewed in July 2011 in the light of the company's capital commitments (see below under future plans and Note 15). Liquid Reserves currently stand at £603,547 which is sufficient to cover the planned capital expenditure. In addition liquid reserves are expected to increase from trading in the year to 30 April 2012 so that reserves by the year end will not fall below £200,000. The payback period of the capital investment is estimated to be between 2 to 3 years which will build Liquid Reserves back up to previous levels.

CHARITIES TRUST (LIMITED BY GUARANTEE)

REPORT OF THE BOARD (Continued)

Prior Year Adjustment

During the year, there has been a detailed review of the funds that the Charity receives from Individuals and Corporates and the contracts that relate to these funds, which are held temporarily until the donor instructs the Charity to distribute the funds. In the past, these funds have been accounted for on a prudent basis and have been recognised on the balance sheet as cash, together with a corresponding creditor balance.

As a result of this review and the improvements made to the systems and controls in place around these funds, a number of contracts were identified where the Charity is acting strictly as an agent. In accordance with the Charity SORP, the funds relating to these contracts have been removed from the balance sheet by means of a prior year adjustment and are now disclosed as a memorandum item in the note to the accounts.

In addition, a number of contracts were identified where the Charity is acting as an intermediate charity and controls the use of these resources prior to their charitable application. In accordance with the Charity SORP, a prior year adjustment has been made to reclassify the unspent element of the funds held from creditors to Unrestricted Designated Funds and Restricted Funds and to recognise the income and costs relating to these funds in the SOFA. This prior year adjustment has resulted in a decrease of £325,173 to the result originally reported in the SOFA for the year ended 30 April 2010.

Further details of the prior year adjustment are set out in note 13.

Investment policy

Investments are held in the form of short-term cash deposits with banking institutions.

PLANS FOR FUTURE PERIODS

Charities Trust plans to continue to increase the value of donations processed to charities while minimising the cost of this processing and maximising tax efficiencies wherever possible.

A full strategic review has resulted in Charities Trust being very clear about its role and that is being able to facilitate the growth of the giving market in the UK. We have committed to improve our infrastructure to enable faster and more diverse services to become available to UK Corporates wanting to support and enhance their CSR agenda. To this end the Board has agreed to invest circa £500k in its infrastructure in the year ending 30 April 2012 (see note 15).

CHARITIES TRUST (LIMITED BY GUARANTEE)

REPORT OF THE BOARD (Continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Charities Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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 charitable company will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

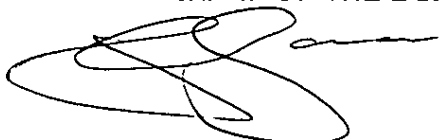
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms that

- so far as the Trustee is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

ON BEHALF OF THE BOARD



J Jones (Trustee)

[Date] 7/11/11

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARITIES TRUST (LIMITED BY GUARANTEE)

We have audited the financial statements of Charities Trust for the year ended 30 April 2011, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the reports and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 30 April 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHARITIES TRUST (LIMITED BY GUARANTEE) (Continued)**

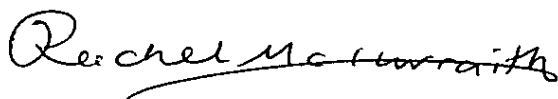
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Rachel McIlwraith (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool

[Date] 7 November 2011

CHARITIES TRUST (LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account)

		Year to 30 April 2011 £	Year to 30 April 2011 £	Year to 30 April 2011 £	Year to 30 April 2011 £	Year to 30 April 2010 £
Notes		Unrestricted Funds General	Unrestricted Funds Designated	Restricted Funds	Total Funds	Total Funds (restated)
<u>INCOMING RESOURCES</u>						
	Incoming resources from generated funds					
	- Voluntary income	35,000	852,475	1,387,830	2,275,305	1,920,975
	- Investment income	144,324	31,539	-	175,863	138,063
1	Incoming resources from charitable activities	1,343,170	-	-	1,343,170	1,079,612
	<u>TOTAL INCOMING RESOURCES</u>	1,522,494	884,014	1,387,830	3,794,338	3,138,650
<u>RESOURCES EXPENDED</u>						
	Charitable activities					
	- Direct costs	-	(2,135,046)	(1,099,573)	(3,234,619)	(2,248,631)
2	- Support costs	(1,374,561)	-	-	(1,374,561)	(1,213,605)
3	Governance costs	(8,442)	-	-	(8,442)	(8,150)
	<u>TOTAL RESOURCES EXPENDED</u>	(1,383,003)	(2,135,046)	(1,099,573)	(4,617,622)	(3,470,386)
	<u>NET INCOMING/(OUTGOING) RESOURCES AND NET INCOME/(EXPENSE) FOR THE YEAR</u>	139,491	(1,251,032)	288,257	(823,284)	(331,736)
	Fund balances brought forward	593,877	3,719,116	474,924	4,787,917	5,119,653
	<u>FUND BALANCES CARRIED FORWARD</u>	733,368	2,468,084	763,181	3,964,633	4,787,917

The accounting policies and notes on pages 16 to 25 form part of these accounts

All income and resources are derived from continuing operations

There is no difference between the net outgoing resources stated above and their historical cost equivalents

Details of the restatement of prior year figures are provided in note 13

CHARITIES TRUST (LIMITED BY GUARANTEE)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2011**

	Note	Year to 30 April 2011 £	Year to 30 April 2010 £
Net outgoing resources		(823,284)	(331,736)
Total recognised gains and losses relating to the year		(823,284)	(331,736)
Prior year adjustment	13	4,194,040	-
Total gains and losses recognised since last annual report		3,370,756	(331,736)

CHARITIES TRUST (LIMITED BY GUARANTEE)

BALANCE SHEET AS AT 30 APRIL 2011

	Notes	2011 £	2010 £ (restated)
<u>FIXED ASSETS</u>			
Tangible assets	5	129,821	76,452
<u>CURRENT ASSETS</u>			
Debtors	6	213,718	141,280
Cash at bank		577,065	609,935
Cash held on behalf of third parties as intermediary charity	9	3,231,265	4,194,040
		<u>4,022,048</u>	<u>4,945,255</u>
<u>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	7	<u>(187,236)</u>	<u>(233,790)</u>
<u>NET CURRENT ASSETS</u>		<u>3,834,812</u>	<u>4,711,465</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>3,964,633</u>	<u>4,787,917</u>
<u>NET ASSETS</u>		<u>3,964,633</u>	<u>4,787,917</u>
 <u>THE FUNDS OF THE CHARITY</u>			
Restricted income funds	9	763,181	474,924
Unrestricted income funds			
- Designated		2,468,084	3,719,116
- General (own reserves)		733,368	593,877
		<u>3,201,452</u>	<u>4,312,993</u>
<u>TOTAL CHARITY FUNDS</u>	9	<u>3,964,633</u>	<u>4,787,917</u>

The accounting policies and notes on pages 16 to 25 form part of these accounts

The accounts were approved by the Board on 7 November 2011 and were signed on its behalf by



J Jones

DIRECTOR

M. Murphy

 COMPANY SECRETARY

CHARITIES TRUST (LIMITED BY GUARANTEE)

STATEMENT OF ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The Charity has taken advantage of presenting its own arrangements of the heading and sub headings of the financial statements due to the special nature of its business in accordance with section 3 (3) of schedule 4 of the Companies Act 2006

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom and on a going concern basis, which follow the recommendations in Accounting and Reporting by Charities – Statement of Recommended Practice 2005

A summary of the more important accounting policies, which have been applied consistently, is set out below

CHARITABLE DONATIONS RECEIVED

The Charity acts as agent co-ordinating the raising and distribution of funds from employees and employers to charities for the purpose of Section 713 Income Tax (Earnings & Pensions) Act 2003

The Charity also receives funds from Individuals and Corporates, which it holds temporarily until the donor instructs us to distribute to the charity of their choice. These funds are held as either Agent or Intermediary

In prior years, the accounts included, as a memorandum note, 'Donations Received' for the benefit of third party charities. This note did not distinguish between those donations received by the company as Agent and those received by the company as the intermediary charity.

Funds held by the company as an Agent have now been removed from the company's Balance Sheet (together with the corresponding creditor balance) and donations received are no longer reported in the SOFA memorandum note referred to above. These funds which are held by the company as an agent are now reported in Note 12.

Funds held as intermediary charity for Restricted and Designated funds have continued to be included in the company's Balance Sheet as 'cash held on behalf of third parties as intermediary charity'. These balances are now included in Unrestricted and Restricted Funds (rather than as creditors) to reflect the fact that Charities Trust controls the use of these resources prior to their charitable application. The income and costs for these balances are reported in the body of the SOFA for the first time under the headings Voluntary Income, Investment Income and Direct Costs.

Details of the prior year adjustments are set out in note 13.

INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Incoming resources from charitable activities arise from fees derived from processing of donations received and is accounted for on a cash basis. The normal basis for fees is 4% of the donations received although provision exists to charge a higher or lower percentage if applicable. The fee for Payroll Giving is charged at 25p per employee per month.

CHARITIES TRUST (LIMITED BY GUARANTEE)

STATEMENT OF ACCOUNTING POLICIES

INVESTMENT INCOME

Investment income on cash deposits is recognised in the period in which it is earned

RESOURCES EXPENDED

Expenditure is charged on an accruals basis, inclusive of irrecoverable VAT. Direct charitable expenditure comprises those costs directly incurred in pursuance of the Charity's charitable activities. Management and Administration comprises the costs for the running of the Charity itself as an organisation.

GOVERNANCE COSTS

Governance costs are charged on an accruals basis and include the cost of the statutory audit.

CASH FLOW

The charity has taken advantage of the exemption from preparing a cash flow statement given for small entities in Financial Reporting Standard Number 1 (Revised 1996), "Cash Flow Statements".

TAXATION

As the Charity is a registered charity and a non-profit making organisation, no tax liability exists on its activities.

TANGIBLE FIXED ASSETS

Depreciation is provided on the straight-line basis to write off the cost of fixed assets over their anticipated useful lives at the following annual rates:

Computers	20% - 33 3%
Fixtures & Fittings	10% - 33 3%

The expected useful lives and residual values of the assets to the charity are reassessed periodically in the light of experience.

PENSION CONTRIBUTIONS

The Charity participates in a stakeholder pension arrangement to which the employees and the Charity contribute. The costs are accounted for as the contributions fall due.

GRANTS PAYABLE

Grants payable are accounted for in full as liabilities of the Charity when approved by the Trustees and accepted by the beneficiaries.

CHARITIES TRUST (LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2011**

1	INCOMING RESOURCES	Year to 30 April 2011 £	Year to 30 April 2010 £
	FROM CHARITABLE ACTIVITIES -		
	UNRESTRICTED		(restated)
	Payroll giving fees	446,067	376,880
	Christmas appeals & other campaigns	321,685	264,251
	Other fees received	575,418	438,481
		<u>1,343,170</u>	<u>1,079,612</u>
	FROM INVESTMENT INCOME		
	Investment income received on cash deposits		
	- Unrestricted funds – general (own reserves)	144,324	100,580
	- Unrestricted funds - designated	31,539	37,483
		<u>175,863</u>	<u>138,063</u>
	The prior year restatement is explained in Note 13		
2	RESOURCES EXPENDED ON CHARITABLE ACTIVITIES	Year to 30 April 2011 £	Year to 30 April 2010 £
	Staff costs (see note 4)	829,698	719,195
	Information Technology & Communications		
	Running Costs	88,541	85,146
	Other administration costs	424,214	393,071
	Depreciation	27,008	11,698
	Grants in furtherance of the Charity's Activities (see note 10)	5,100	4,495
		<u>1,374,561</u>	<u>1,213,605</u>
3	GOVERNANCE COSTS	Year to 30 April 2011 £	Year to 30 April 2010 £
	Trustees Liability Insurance & Other Trustee Costs	3,642	3,150
	Auditors' remuneration for statutory audit	4,800	5,000
		<u>8,442</u>	<u>8,150</u>

CHARITIES TRUST (LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2011**

4 EMPLOYEES AND TRUSTEES	Year to 30 April 2011 £	Year to 30 April 2010 £
Wages & Salaries	747,399	643,994
Social Security Costs	66,074	58,823
Pension Schemes Contribution (see note 11)	16,225	16,378
	829,698	719,195
 Average No of employees	 No.	 No
Full time	28	24
Part time	4	2
	32	26
 Full time equivalent	 30	 25

The emoluments described above include all payments to employees

Number of employees receiving emoluments of above £60,000

£60,001 to £70,000	-	1
£70,001 to £80,000	2	1

During the year, none of the Trustees received emoluments or expenses in respect of their services to the company

The 2011 costs include individuals operating under deeds of consultancy This amounted to £72,320 (3 staff, 1 3 FTE) (2010 £791)

5. TANGIBLE ASSETS	Computers £	Fixtures & fittings £	Total £
COST			
At 1 May 2010	120,901	4,926	125,827
Additions	80,054	323	80,377
At 30 April 2011	200,955	5,249	206,204
 ACCUMULATED DEPRECIATION			
At 1 May 2010	46,957	2,418	49,375
Charge for the period	26,503	505	27,008
At 30 April 2011	73,460	2,923	76,383
 NET BOOK VALUE			
At 30 April 2011	127,495	2,326	129,821
 At 30 April 2010	73,944	2,508	76,452

CHARITIES TRUST (LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2011**

6 DEBTORS	2011	2010
	£	£
Amounts falling due within one year		
Other Debtors	186,804	114,920
Prepayments	26,914	26,360
	213,718	141,280

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2011	2010
	£	£
		(restated)
Tax & Social Security	28,404	18,018
Other creditors	69,029	89,047
Accruals	89,803	126,725
	187,236	233,790

The prior year restatement is explained in Note 13

8 CAPITAL

The Charity is limited by guarantee The liability of the members is limited to £10

The members are not entitled to a distribution of assets in the event of a winding up or dissolution of the Charity

CHARITIES TRUST (LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2011**

9 MOVEMENT ON FUNDS

	At 1 May 2010	Incoming resources	Resources expended	At 30 April 2011
	£	£	£	£
	(restated)			
Unrestricted funds – General (own reserves)	593,877	1,522,494	(1,383,003)	733,368
Unrestricted funds – Designated	3,719,116	884,014	(2,135,046)	2,468,084
Unrestricted funds – Total	4,312,993	2,406,508	(3,518,049)	3,201,452
Restricted funds	474,924	1,387,830	(1,099,573)	763,181
Total funds	4,787,917	3,794,338	(4,617,622)	3,964,633

	At 1 May 2009	Incoming resources	Resources expended	At 30 April 2010
	£	£	£	£
	(restated)	(restated)	(restated)	(restated)
Unrestricted funds – General (own reserves)	600,440	1,215,192	(1,221,755)	593,877
Unrestricted funds – Designated	4,357,814	1,014,918	(1,653,616)	3,719,116
Unrestricted funds – Total	4,958,254	2,230,110	(2,875,371)	4,312,993
Restricted funds	161,399	908,540	(595,015)	474,924
Total funds	5,119,653	3,138,650	(3,470,386)	4,787,917

The prior year restatement is explained in Note 13

All monies held for Designated Funds and Restricted Funds are held in bank accounts and identified as cash held on behalf of third parties as intermediary charity. As at 30 April 2011 these amounts totalled £3,231,265 (30 April 2010 £4,194,040)

Designated funds solely comprises monies held for good causes raised through a society lottery. Charities Trust holds a Society Lottery Licence which is managed by Sportech, who are an External Lottery Manager ("ELM"). Charities Trust receives 20% of the lotteries' proceeds from Sportech, for the purposes of distributing to good causes.

Restricted Funds comprise funds held and managed by Charities Trust under Charity Fund Agreements. These funds are held for good causes and operate under Charities Trust's charity registration number.

CHARITIES TRUST (LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2011**

Note 9 MOVEMENT ON FUNDS continued

The restricted funds reported in this financial statement comprise, Costa Foundation, Driving Force, Helping Mathapelo, Hands Across the Sea, Katie's Trust, Liverpool Unites, Rainbow Child, Sunrise, The Big Issue Investment Fund, Time 4 Women, Waste Not Want Not

10 GRANTS PAYABLE	2011	2010
	£	£
Donations over £1,000:		
Action on Addiction	-	4,000
World Wildlife Fund	5,000	-
Donations less than £1,000	100	495
	5,100	4,495

11 PENSION ARRANGEMENTS

The company participates in a stakeholder pension arrangement to which employees and the Charity contribute

Total Charity contributions during the period amounted to £15,612 (2010 - £11,773)

Contributions of £613 (2010 - £4,605) were made to an employee's personal pension scheme

CHARITIES TRUST (LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2011

12 FUNDS HELD AS AGENT

	At 1 May 2010	Incoming Resources	Resources Expended	At 30 April 2011
	£	£	£	£
	(restated)			
Funds as Agent	(8,689,825)	(44,659,780)	41,546,814	(11,802,791)
Bank balances held as Agent	8,689,825			11,802,791
	At 1 May 2009	Incoming Resources	Resources Expended	At 30 April 2010
	£	£	£	£
	(restated)	(restated)	(restated)	(restated)
Funds as Agent	(6,490,341)	(30,731,748)	28,532,264	(8,689,825)
Bank balances held as Agent	6,490,341			8,689,825

Amounts received by the company as agent are not included in the SOFA or on the Balance Sheet. This includes amounts in respect of payroll giving and other funds held to the order of the original payer.

All monies are held in bank accounts designated as belonging to clients.

The prior year restatement is explained in Note 13.

CHARITIES TRUST (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2011

13 PRIOR YEAR ADJUSTMENT

In prior years, the accounts included, as a memorandum note, 'Donations Received' for the benefit of third party charities. This note did not distinguish between those donations received by the company as an agent and those received by the company as the intermediary charity.

Funds held by the company as an agent, totalling £8,689,825 as at 30 April 2010 (£6,490,341 as at 1 May 2009) have now been removed from the company's balance sheet (together with the corresponding creditor balance within creditors and accruals) and donations received are no longer reported in the memorandum note referred to above. These funds are now reported in Note 12 above. This change in accounting treatment is purely a matter of representation of information and has had no impact on the reported result or position for the prior period.

In addition, £4,194,040 of funds held as an intermediary charity as at 30 April 2010 have been reclassified from creditors and accruals to be shown in Unrestricted Funds - Designated (£3,719,116) (£4,357,814 as at 1 May 2009) and Restricted Funds (£474,924) (£161,399 as at 1 May 2009) in order to reflect the fact that Charities Trust controls the use of these resources prior to their charitable application. These funds held as intermediary charity have continued to be included in the company's Balance Sheet (as Cash held on behalf of Third Parties as intermediary charity) and are now reported in the SOFA for the first time under the headings Voluntary Income, Investment Income and Direct Costs.

As a result of this adjustment, voluntary income, investment income and direct costs reported in the 30 April 2010 accounts have increased by £1,885,975, £37,483 and £2,248,631 respectively.

There has also been an increase in Net Assets and Total Charity Funds for the year ended 30 April 2010 of £4,194,040 (£474,924 increase in Restricted Funds and £3,719,116 increase in Designated Funds). This prior year adjustment is summarised as follows:

	Net Assets brought forward at 1 May 2009	Net outgoing resources for year ended 30 April 2010	Funds balances carried forward at 30 April 2010	Net assets as at 30 April 2010
	£	£	£	£
As previously reported	600,440	(6,563)	593,877	593,877
Prior year adjustment	4,519,213	(325,173)	4,194,040	4,194,040
As restated	5,119,653	(331,736)	4,787,917	4,787,917

CHARITIES TRUST (LIMITED BY GUARANTEE)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2011**

14 RELATED PARTIES

Richard Boardley, a non-executive Director of Charities Trust, is also Director of Corporate Affairs at Sportech PLC. Sportech PLC is appointed by Charities Trust as its External Lottery Manager, operating Charities Trust's society lotteries. Since 2002 Sportech has been retained by Charities Trust as an External Lottery Manager ("ELM"), licensed by the Gaming Board for Great Britain and since 2007 by the Gambling Commission, as the managing agent for its society lottery operations. Sportech retains 35% of the proceeds from society lottery sales to cover the costs of its activities.

The amounts handled under the External Lottery arrangements are detailed in full under Designated Funds. There were no amounts written off during the year or any provisions for doubtful debts.

	Funds at 1 May 2010	Incoming resources	Resources expended	Funds at 30 April 2011
	£	£	£	£
Unrestricted funds – Designated	3,719,116	884,014	(2,135,046)	2,468,084

15 CAPITAL COMMITMENTS

In July 2011 the Board of Charities Trust approved a capital expenditure programme of circa £500k to fund investment in its infrastructure. The overall objectives for this programme are to build capability and capacity that will help grow the giving market. A professional project manager has been appointed to manage the programme of works. The programme of works includes moving to a virtualised network, enhanced web services and enhanced donor management systems.