

ASSOCIATION OF CHARITY INDEPENDENT EXAMINERS

(A company limited by guarantee)

Annual Report & Financial Statements

For the year ended

31 March 2013



promoting excellence in charity independent examination

Registered Charity

England & Wales No: 1139609

Scotland No: SC039066

Company No: 07461134

REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

The trustees (who are also the directors of the company for the purposes of company law) present their report together with the financial statements and the independent examiner's report for the year ended 31 March 2013.

REFERENCE & ADMINISTRATIVE INFORMATION

Charity Name	Association of Charity Independent Examiners	
Charity No – England & Wales	1139609	
Charity No – Scotland	SC039066	
Company No	07461134	
Principal Address	The Gatehouse, White Cross, South Road, Lancaster LA1 4XQ	
Registered Office	4-6 Grimshaw Street, Burnley, BB11 2AZ	
Website Address	www.acie.org.uk	
Current Trustees		
<i>(Elected)</i>	Mark Heaton	Chair
	Eric Southwick	Vice Chair
	Michael Brougham	Treasurer
	Peter Brown	
	Alan Clements	Elected 01/07/12
	Adetokunbo Diyan	
	Christopher Smith	
	Christopher Stephen-Haynes	
	Kate Tully	
<i>(Co-opted)</i>	Barrie Buels	
	Denise Copeland	
	Susan Edge	
Bankers	Unity Trust Bank plc	Nine Brindleyplace, Birmingham B1 2HB
Independent Examiner	David Ralph	50 Southwood Road, Tunbridge Wells, TN14 8SP

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Document

ACIE was originally established in 1999 as an unincorporated association governed by a constitution. It is now a charitable company limited by guarantee, which was incorporated on, and governed by its Articles of Association dated, 06/12/2010. Each member of the company is required to contribute an amount not exceeding £1 should the company be wound up while he/she is a member, or within one year after he/she ceases to be a member. The Directors are the members of the company.

The Articles are supported by Regulations for Subscribing members, which were last updated in February 2012.

Appointment of Trustees

The Board consists of:

- up to nine trustees elected by the charity's subscribing members to serve for a period not exceeding three years; and
- up to three trustees co-opted by the elected trustees to serve until the following 30 June.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

Eligibility

- Elected trustees must be subscribing members of the Association. Co-opted trustees may, but are not required to, be subscribing members of the association.
- The majority of the trustees must be Full Members of the Association. Currently, nine trustees are Full Members.
- Retiring trustees are eligible for re-election or may be co-opted again provided that no trustee may serve for more than nine consecutive years.

Organisational Structure

The trustees normally meet three times per year to consider the business of the association. If appropriate, meetings may be held by means of a telephone conference. Trustees also participate in the following committees that meet regularly as required:

- Finance & General Purposes Committee
- Membership Committee
- Training Committee

Risk Management

The trustees, who maintain a formal Risk Assessment Register, regularly review the risks to which the Association is exposed. They do not consider that there are any substantial risks beyond the liabilities disclosed in the financial statements. The Association has two employees and leases office premises. It holds both public liability and professional indemnity insurance policies.

The trustees accept that the Association's reputation could be at risk through a serious complaint regarding a member's conduct as an independent examiner, but consider that the Association has policies and procedures in place that provide reasonable protection to mitigate this risk.

OBJECTIVES & ACTIVITIES

Objects

The objects of the Association are to promote greater effectiveness of charities in the United Kingdom in the achievement of their charitable objects by:

- providing advice, support, and training to any person acting or wishing to act as an Independent Examiner of charity accounts;
- promoting and maintaining high standards of practice and professional conduct by its members; and
- providing charity trustees with information in connection with the selection and appointment of Independent Examiners.

Activities

Activities during the year included:

- an enquiry service for members, non-members and charities seeking an independent examiner;
- training courses and conferences;
- a newsletter for members;
- lobbying of the relevant bodies in respect of charity legislation or regulation with the aim of effecting change which will further ACIE's objects.
- the professional qualification of Full Membership, designated by ACIE or FCIE;
- collaboration with other bodies where this furthers ACIE's objects.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

Public Benefit

The trustees have considered ACIE's activities and achievements for 2012/13 and its plans for 2013/14 against the Public Benefit Guidance issued by the Charity Commission. They agreed that the public who benefit from ACIE's work are those who are beneficiaries of the numerous small charities that are helped either directly by ACIE's information service or where ACIE members act as independent examiners.

The trustees are satisfied that this report on ACIE's activities in 2012/13, and its plans for the future, demonstrate that, in fulfilling of its objects, the charities which ACIE assists should experience ongoing or improved efficiency and confidence in their financial management allowing them to spend more time, money and energy on their own beneficiaries.

ACHIEVEMENTS & PERFORMANCE

Membership

ACIE members are the people most directly affected by the support and services that ACIE has to offer. During the year to March 2013, membership declined from 720 to 631. This has largely been due to the downturn in the economic climate and a reduction in employment levels in the third sector.

	March 2013	March 2012
Full Members	173	173
Affiliate Members	458	547
	631	720

ACIE is committed to those who carry out IE as volunteers, including running a Bursary Fund to allow it to offer subsidised membership subscriptions. ACIE is very grateful to the members and others who support the fund financially, although the demand on it continues to be at least twice the amount received.

The system of rolling assessment for Full Membership applications, which we introduced around 18 months ago, is generally working well. Feedback to applicants is now more detailed which has significantly reduced the number of subsequent queries. We aim to assess all applications within two months of receipt, although this is not possible in every case.

During the year, 11 applications for full membership were accepted and one existing full member successfully applied for a higher category of full membership. Although the number of applications fell during the year, this was largely attributable to the CVS/IE project that completed in November 2011.

Whilst a few applications were very good, the quality of the majority is still poor, including most of those submitted by accountants in practice. However, ACIE is working with professional and other umbrella bodies with a view to raising the standard of charity accounts.

A new application form and guidance notes were introduced in January 2013 in order to streamline the process as well as to emphasise what is expected of applicants. We hope that this will reduce the number of applications that fall significantly short of what is required.

Conferences

ACIE held two successful conferences during 2012.

- The Scotland conference in Perth in August 2012 had 83 attendees. In addition to a wide range of workshops for both new and experienced examiners alike, our keynote speakers were David Robb and Laura Anderson, Chief Executive and Head of Enforcement at OSCR who gave us an update on the future of the Scottish Charity Regulator and the future of Charity Accounting.
- The England & Wales conference in Birmingham in November had 88 attendees. In addition to a number of workshops, two speakers, Professor Paul Palmer of CASS Business School spoke on the Review of the Charities Act and Nigel Davies from the Charity Commission spoke on improving effectiveness in charities.

Our thanks go to the speakers, the workshop leaders, exhibitors and sponsors all of whom contributed to making the events a success.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

ACIE Charity Accounting Certificate

ACIE was pleased to validate the 'Charities Structures, Regulation and Accounting' module of the MSc in Charity Resource Management at Sheffield Hallam University for a further year with the certificate awarded to four successful students. We were pleased to have the opportunity to continue to work with Professor Gareth Morgan at the University.

Other Training Activities

ACIE believes that good quality training is essential to support our members, increase the number of successful applications for full membership as well as to raise the quality of charity accounting and independent examination. We have now formed a dedicated training committee whose role is improve the quality and quantity of training courses available as well as to determine how best they can be delivered.

ACIE IE File

Providing a suite of working papers for planning, executing and completing an IE, the ACIE IE file has proved very popular amongst ACIE members and others. The file will be regularly updated for changes to legislation etc. The Board is grateful to the authors for the many hours of work they have given at no cost to ACIE.

ACIE Professional Indemnity Insurance

ACIE's popular low-cost PII cover was extended to affiliate members from 01 April 2014.

Information Service

Providing information about IE and related matters to members, non-members and UK charities is central to ACIE's work. The enquiry service continued to receive a variety of interesting queries, which were either handled by the staff or referred to Board members or Fellows. The newsletter and website continued to provide basic information and regular updates.

Northern Ireland

ACIE continues in discussions with both NICVA and the Charity Commission for Northern Ireland about ACIE's role, albeit we are waiting for the legislation to be finalised and introduced before any firm plans can be put in place.

Other Bodies

As well as continuing to have good working relations with the Charity Commission and the Office of the Scottish Charity Regulator (OSCR), ACIE has continued to work with the following bodies:

- Institute of Chartered Accountants for England and Wales (ICAEW)
- Institute of Chartered Accountants in Scotland (ICAS)
- Association of Chartered Certified Accountants (ACCA)
- Association of Accounting Technicians (AAT)
- Community Accountants National Network (CANN)
- Association of Church Accountants and Treasurers (ACAT)

FINANCIAL REVIEW

Summary

In November 2011, the Board agreed to work towards a position where membership subscriptions all fall due for renewal at the start of the financial year rather than on three different dates during the year. This was completed during the year and, as a result, subscription income for the year (£32,530) is less than what it would normally be for a 12-month period.

General Fund income was £60,561, primarily from subscriptions, conferences and training courses, whilst expenditure was £70,451 resulting in an expected deficit of £8,710, after a transfer of £1,180 from the Bursary Fund. The reduction in expenditure is largely due to reduced staff hours (partly attributable to the completion of the CVS/IE project) plus the comparative figures being for a 15-month period.

Given the effect of the harmonisation in subscription renewals, allied to the non-recurring income from the CVS IE project and sales of the ACIE File in the previous period, the Board consider these results satisfactory.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

Reserves Policy

The Board believes it should hold around £10,000 in reserve to meet its commitments to staff, landlord and other creditors, should the Association have to dissolve for any reason. The reserves of the Association at the period end were £297 (2012: £9,007). The Board is aware that current reserves fall significantly short of the target range but anticipates the position should improve during 2013/14 now that changes to subscription collection have been completed and greater use of email to members has been introduced.

FUTURE PLANS

From the areas of work outlined above, the following developments are anticipated for 2013/14:

- following the harmonisation of subscription renewals and further development of our membership database, in common with many organisations, consideration will be given to collecting subscriptions by Direct Debit;
- development and provision of new training courses;
- further improvements to the Full Member application process and implementation of CPD requirements for Full Members;
- further development and increased delivery of services and communications by email and via the website;
- formation of an advisory committee for Northern Ireland to assist the Board in the further development of ACIE there;
- increased ACIE recognition through LinkedIn and other online forums; and
- further work in Northern Ireland in advance of the introduction of independent examination.

Our Scottish Conference will take place in Perth on 30 August 2013 with events being planned for England & Wales.

In conclusion, the trustees would place on record their sincere thanks to our staff, Fiona Gordon, Eric Marsden and Anne Knox for their hard work in what has been a challenging period of continuing change as well as long-term sickness absence.

This report, which has been prepared in accordance with the provisions in the Companies Act 2006 relating to small companies, was approved by the trustees on 26 June 2013 and signed on their behalf by:

Mark Heaton
Chair

INDEPENDENT EXAMINER'S REPORT

FOR THE YEAR ENDED 31 MARCH 2013

Independent Examiner's Report to the trustees of the Association of Charity Independent Examiners

I report on the financial statements of the charity for the year ended 31 March 2013, which are set out on pages 9 to 14.

Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 ("the 2011 Act") or under Regulation (10)(1)(a)-(c) of the Charities Accounts (Scotland) Regulations 2006 (as amended) ("the 2006 Regulations") and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act and under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 ("the 2005 Act");
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination is carried out in accordance with the general Directions given by the Charity Commission and Regulation 11 of the 2006 Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect, the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006, section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Regulations; and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Companies Act 2006, section 44(1)(b) of the 2005 Act and Regulation 8 of the 2006 Regulations; and
 - which are consistent with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities,have not been met, or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

David Ralph JP FCIPD FCIE

50 Southwood Road
Tunbridge Wells
TN4 8SP
31 July 2013

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2013

	Note	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
Incoming Resources					
Incoming Resources from Generated Funds					
Voluntary Income	4	32,904	1,420	34,324	76,169
Investment Income (Bank Interest)		12	-	12	34
Incoming Resources from Charitable Activities	5	27,645	-	27,645	43,494
Other Incoming Resources	6	-	-	-	12,411
Total Incoming Resources		60,561	1,420	61,981	132,108
Resources Expended					
Charitable Activities	7	64,809	200	65,009	118,863
Governance Costs	8	5,642	-	5,642	4,071
Total Resources Expended		70,451	200	70,651	122,934
Reconciliation of Funds					
Net Income/(Expenditure)		(9,890)	1,220	(8,670)	9,174
Transfers between Funds	10	1,180	(1,180)	-	-
Net Movement in Funds		(8,710)	40	(8,670)	9,174
Total Funds as at 31 March 2012		9,007	167	9,174	-
Total Funds as at 31 March 2013		297	207	504	9,174

The Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The Statement of Financial Activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The comparative figures shown above are for the 15-month period to 31 March 2012.

The notes on pages 11 to 14 form an integral part of these accounts.

BALANCE SHEET
AS AT 31 MARCH 2013

	Note	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
Current Assets					
Debtors	11	120	204	324	342
Cash at Bank and in Hand	12	2,994	3	2,997	9,904
		3,114	207	3,321	10,246
Current Liabilities					
Creditors (falling due within one year)	13	2,817	-	2,817	1,072
Net Current Assets		297	207	504	9,174
Net Assets		297	207	504	9,174
Funds of the Charity					
Unrestricted Income Funds		297	-	297	9,008
Restricted Income Funds		-	207	207	166
Total Funds		297	207	504	9,174

The trustees (who are also the directors of the company for the purposes of company law) confirm that for the year ended 31 March 2013:-

- the company was entitled to exemption from audit under section 477 of the Companies Act 2006 ("the Act"), and
- members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Act. However, in accordance with section 145 of the Charities Act 2011 and section 44 of the Charities and Trustee Investment (Scotland) Act 2005, the accounts have been examined by an independent examiner whose report appears on page 8.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 11 to 14 form an integral part of these accounts.

These accounts, which have been prepared in accordance with the provisions in the Companies Act 2006 relating to small companies, were approved by the trustees on 26 June 2013 and signed on their behalf by:

Mark Heaton
Chair

Michael Brougham
Treasurer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1 Basis of Preparation

1.1 Basis of accounting

These accounts have been prepared on the basis of historic cost in accordance with:-

- (a) Accounting & Reporting by Charities - Statement of Recommended Practice (SORP 2005 - Second Edition May 2008), and Financial Reporting Standard for Smaller Entities (FRSSE) (Effective April 2008),
- (b) The Charities & Trustee Investment Act (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended)
- (c) The Companies Act 2006

2 Accounting Policies

2.1 Form of Financial Statements

- (a) Unrestricted Funds Funds that may be used at the discretion of the trustees in furtherance of the objects of the charity.
- (b) Restricted Funds Funds that may only be used by specific purposes. Restrictions arise when specified by the donor or when funds are raised for specific purposes.

The purposes of the restricted funds are shown in Note 10.

2.2 Incoming Resources

- (a) Incoming Resources are recognised and included in the Statement of Financial Activities (SOFA) when the Charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources; and the monetary value can be measured with sufficient reliability.
- (b) Where incoming resources have related expenditure (as with fundraising), the incoming resources and related expenditure are reported gross in the SOFA.
- (c) Bank interest is recognised when it is credited to the account.
- (d) Conference and Training fees received are deferred to the year in which the relative conference or course will be delivered.

2.3 Expenditure & Liabilities

- (a) Expenditure is accounted for on an accruals basis.
- (b) Liabilities are recognised as soon as there is a legal or constructive obligation to pay out resources.
- (c) Governance costs include the costs of preparation and examination of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

2.4 Assets

Tangible fixed assets are capitalised if they cost more than £1,000 and can be used for more than one year. They are valued at cost or, if gifted, at their value on receipt. The charity does not currently have any capitalised fixed assets.

2.5 Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the asset cost or expense to which it relates.

3 Transactions with trustees and related parties

- (a) No remuneration was paid to any trustee.
- (b) Travel and other expenses amounting to £2,187 (2012: £2,750) were reimbursed to 7 (2012: 7) trustees.
- (c) £300 was paid to Triangle Multimedia Ltd for website maintenance and email hosting. Mike Brown, a director of that company, is the son of Peter Brown, who is a trustee of ACIE.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
4 Voluntary Income				
Subscriptions	32,530	-	32,530	46,005
Donations	369	1,016	1,385	2,119
Gift Aid	5	204	209	269
Grants	-	200	200	27,776
	32,904	1,420	34,324	76,169
5 Income from Charitable Activities				
Conferences	18,745	-	18,745	17,585
Training Courses	5,500	-	5,500	6,025
Full Members PI	2,505	-	2,505	2,910
IE File	695	-	695	7,999
Scottish Project	-	-	-	8,000
Other Income	200	-	200	975
	27,645	-	27,645	43,494
6 Other Incoming Resources				
Net assets from Unincorporated ACIE	-	-	-	12,411
7 Cost of Charitable Activities				
Staff Costs (Note 9)	37,501	-	37,501	83,033
Staff Travel	485	-	485	817
Conferences	13,877	-	13,877	9,684
Training Courses	3,767	-	3,767	7,905
Handbook & Newsletter	388	-	388	3,155
Full Members PI	1,691	-	1,691	1,910
Office Rent, Rates & Insurance	3,377	-	3,377	4,378
Office Equipment & Website	300	-	300	3,111
Printing, Postage, Stationery & Telephone	2,821	200	3,021	3,587
Other Operating Costs	602	-	602	1,283
	64,809	200	65,009	118,863
8 Governance Costs				
Independent Examiner's fee	269	-	269	260
Legal Advice	2,307	-	2,307	-
Trustee Expenses	2,127	-	2,127	2,750
Trustee Meeting Costs	891	-	891	535
Sundries	48	-	48	526
	5,642	-	5,642	4,071

The comparative figures shown above are for the 15-month period to 31 March 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
9 Staff Costs				
Salaries	33,374	-	33,374	72,612
Employer's National Insurance	2,515	-	2,515	6,704
Employer's Pension Contributions	1,612	-	1,612	3,717
	37,501	-	37,501	83,033

No employee received remuneration above £60,000.
The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The employer's pension costs represent contributions payable by the charity to the fund.

Average number of full-time equivalent employees in the year	1.1	2.6
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	Balance 31/03/2012	Incoming Resources	Outgoing Resources	Transfers	Balance 31/03/2013
10 Movements between Funds					
Unrestricted Fund	9,007	60,561	(70,451)	1,180	297
Restricted Funds					
Administration Fund	-	200	(200)	-	-
Bursary Fund	167	1,220	-	(1,180)	207
	167	1,420	(200)	(1,180)	207
Total Funds	9,174	61,981	(70,651)	-	504

Transfers

£1,180 was transferred from the Bursary Fund to the General Fund to subsidise subscriptions paid by members who undertake independent examinations on a voluntary basis.

Purposes of Restricted Funds

Administration Fund	Grant funding from South Lanarkshire Council towards the cost of postage and administration.
Bursary Fund	Funding provided by members towards the cost of reduced subscriptions for members who carry out IE on a voluntary basis.

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
11 Debtors (receivable within one year)				
Gift Aid Receivable	-	204	204	269
Other Debtors	120	-	120	-
Prepayments	-	-	-	73
	120	204	324	342

The comparative figures shown above are for the 15-month period to 31 March 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
12 Bank & Cash Balances				
Bank Deposit Account	2,001	-	2,001	7,507
Bank Current Account	743	3	746	2,147
Cash in hand	250	-	250	250
	<u>2,994</u>	<u>3</u>	<u>2,997</u>	<u>9,904</u>
13 Creditors (Payable within one year)				
PAYE & NI Contributions	91	-	91	597
Other Creditors & Accruals	2,726	-	2,726	475
	<u>2,817</u>	<u>-</u>	<u>2,817</u>	<u>1,072</u>
14 Deferred Income				
From unincorporated ACIE			-	4,600
Scottish Conference received in advance in 2010			-	(4,050)
Training Fees received in advance in 2010			-	(550)
Balance as at 31/03/2013			<u>-</u>	<u>-</u>
15 Operating Leases				
In 2009, the trustees of the former unincorporated charity entered into a tenancy agreement in respect of office premises at The Gatehouse, White Cross, South Road, Lancaster LA1 4XQ for a period of 36 months from 01 October 2009. Renewal of the lease is currently under review.				
Commitments due within 12 months			<u>-</u>	<u>885</u>

The comparative figures shown above are for the 15-month period to 31 March 2012.