

ASSOCIATION OF CHARITY INDEPENDENT EXAMINERS

(A company limited by guarantee)

Annual Report & Financial Statements

For the year ended

31 March 2014



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 2014

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TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2014

The trustees (who are also the directors of the company for the purposes of company law) present their annual report together with the financial statements and the independent examiner's report for the year ended 31 March 2014.

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
	Peter Brown	Vice Chair
	Christopher Smith	Secretary
	Michael Brougham	Treasurer
	Ayodele Ajayi-Obe	Elected 01/07/2013
	Alan Clements	
	Tidi Diyan	
	Christopher Stephen-Haynes	
	Kate Tully	
<i>(Co-opted)</i>	Denise Copeland	
	Susan Edge	
Other Trustees who served during the year		
	Barrie Buels	Resigned 30/06/2013
	Eric Southwick	Resigned 30/06/2013
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 December 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.

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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, seven 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 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 one employee 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;
- an occasional newsletter for members;
- the professional qualification of Full Membership, designated by ACIE or FCIE;
- collaboration with other bodies where this furthers ACIE's objects.

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FOR THE YEAR ENDED 31 MARCH 2014

Public Benefit

The trustees have considered ACIE's activities and achievements for 2013/14 and its plans for 2014/15 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 2013/14, 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.

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.

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 2014, membership declined from 631 to 579, the main reason for the reduction being third sector changes, particularly in Scotland.

Membership as at 31 March	England & Wales	Scotland	N Ireland & Abroad	Total 2014	Total 2013
Full Members	123	48	1	172	173
Affiliate Members	317	80	10	407	458
	440	128	11	579	631

Whilst a few applications were very good, the quality of the majority remains poor, including most of those submitted by accountants in practice. Members of ICAEW, ACCA, ICAS, AAT etc should keep in mind that they could face difficulties with their professional bodies, if they are found to be undertaking work that they do not properly understand. ACIE is continuing to work with professional and other umbrella bodies with a view to raising the standard of charity accounts.

We try to avoid declining applications outright, unless the quality is so poor that there is no other alternative. We have introduced time limited Full Membership (normally 12 months or less) for applicants who are judged to be close to the required standard. This has proved reasonably successful with most members in this category being fully admitted by the end of the temporary period. During the year, nine applications for full membership were accepted of which seven were on a time-limited basis.

Conferences

ACIE held two successful conferences during the year.

- The Scotland conference in Perth at the end of August had 88 attendees. In addition to a wide range of workshops for both new and experienced examiners alike, our keynote speaker was Laura Anderson, Head of Enforcement at OSCR, who gave us an update on the development of the new SORP and then kindly facilitated three workshops on it.
- The England & Wales conference in Manchester in March 2014 had 81 attendees. Speakers included Andrew Hind, editor of Charity Finance magazine, Professor Gareth Morgan, and Nigel Davies from the Charity Commission.

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

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 and to continue to work with Professor Gareth Morgan at the University.

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Training Committee

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. Our training committee has been working hard to ensure that the quality of our training courses is of a high standard as well as to determine how best our courses 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.

Accounts disclosure checklists aimed specifically for independent examiners of smaller charities are currently under development.

ACIE Professional Indemnity Insurance

ACIE's popular low-cost PII cover was extended to Affiliate Members from 01 April 2014. We now have around 50 Full Members and 12 Affiliate Members in the scheme.

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.

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)
- Association of Church Accountants and Treasurers (ACAT)

Operations

Subscription renewals were sent to members by email for the first time in April 2013. At that time, we had valid email addresses for around 80% of members, a figure that increased over the year to almost 99% now. Feedback from Members has been very positive and we now routinely use email for almost all member communication.

At the same time, we asked members to consider using BACS/online banking for paying subscriptions, conferences fees, purchase of IE files etc. We are now receiving around 70% of incoming payments this way, which helps us to provide a faster service to members. Some members have indicated that they would welcome Direct Debit for subscription payments, and we are currently investigating this possibility.

Fiona Gordon, ACIE director, left us in December after nine years service, latterly including a lengthy period of illness from which she is now recovering. Eric Marsden, our administrator, continues to run the ACIE Office very efficiently on a part-time basis. The trustees would place on record their sincere thanks to both Eric and Fiona for their hard work in what has been a challenging period of continuing change and to wish Fiona well for the future.

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2014

FINANCIAL REVIEW

Summary

General Fund income was £63,866 (2013: £60,561), primarily from subscriptions, conferences and training courses. Expenditure was £46,763 (2013: £70,451) resulting in a surplus of £18,033 (2013: deficit £8,710), after a transfer of £930 from the Bursary Fund. The reduction in expenditure was largely due to a reduction in staff salaries during a period of long-term illness, a position that is expected to reverse, at least in part, in 2014/15.

During the year, a grant of £10,000 was received from the Robertson Trust to assist with the cost of independent examination training courses in Scotland.

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 £18,330 (2013: £297). Whilst this is higher than the target level, funds will be required during the coming year for marketing, to update our office equipment and to develop the website.

FUTURE PLANS

From the areas of work outlined above, the following developments are anticipated for 2014/15:

- further development of our membership database;
- 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; and
- increased ACIE recognition through LinkedIn and other online forums.

Our Scottish Conference will take place in Perth on 30 October 2014 with events also being planned for England & Wales.

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 19 June 2014 and signed on their behalf by:

Mark Heaton
Chair

INDEPENDENT EXAMINER'S REPORT

FOR THE YEAR ENDED 31 MARCH 2014

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 2014, 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
21 June 2014

STATEMENT OF FINANCIAL ACTIVITIES
 (INCLUDING INCOME & EXPENDITURE ACCOUNT)
 FOR THE YEAR ENDED 31 MARCH 2014

	Note	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
Incoming Resources					
From Generated Funds					
Voluntary Income	4	39,129	10,842	49,971	34,324
Investment Income (Bank Interest)		62	-	62	12
From Charitable Activities	5	24,675	-	24,675	27,645
Total Incoming Resources		63,866	10,842	74,708	61,981
Resources Expended					
Charitable Activities	6	37,043	-	37,043	65,009
Governance Costs	7	9,720	-	9,720	5,642
Total Resources Expended		46,763	-	46,763	70,651
Reconciliation of Funds					
Net Income/(Expenditure)		17,103	10,842	27,945	(8,670)
Transfers between Funds	9	930	(930)	-	-
Net Movement in Funds		18,033	9,912	27,945	(8,670)
Total Funds as at 31 March 2013		297	207	504	9,174
Total Funds as at 31 March 2014		18,330	10,119	28,449	504

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

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
Current Assets					
Debtors	10	300	117	417	324
Cash at Bank and in Hand	11	18,639	10,002	28,641	2,997
		18,939	10,119	29,058	3,321
Current Liabilities					
Creditors (falling due within one year)	12	609	-	609	2,817
Net Current Assets		18,330	10,119	28,449	504
Net Assets		18,330	10,119	28,449	504
Funds of the Charity					
Unrestricted Income Funds		18,330	-	18,330	297
Restricted Income Funds		-	10,119	10,119	207
Total Funds		18,330	10,119	28,449	504

The trustees (who are also the directors of the company for the purposes of company law) confirm that for the year ended 31 March 2014:-

- 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 19 June 2014 and signed on their behalf by:

Mark Heaton
Chair

Michael Brougham
Treasurer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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 9.

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 (e.g. conferences), 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

- (a) No remuneration was paid to any trustee.
- (b) Travel and other expenses amounting to £2,590 (2013: £2,187) were reimbursed to 7 (2013: 7) trustees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
4 Voluntary Income				
Subscriptions	38,870	-	38,870	32,530
Donations	259	725	984	1,385
Gift Aid	-	117	117	209
Grants	-	10,000	10,000	200
	39,129	10,842	49,971	34,324
5 Income from Charitable Activities				
Conferences	13,340	-	13,340	18,745
Training Courses	5,905	-	5,905	5,500
PII for Members	4,080	-	4,080	2,505
IE File	1,020	-	1,020	695
FM Application Fees	330	-	330	200
	24,675	-	24,675	27,645
6 Cost of Charitable Activities				
<u>Direct Costs</u>				
Conferences	9,683	-	9,683	13,877
PII for Members	3,147	-	3,147	1,691
Training Courses	3,344	-	3,344	3,767
	16,174	-	16,174	19,335
<u>Support Costs</u>				
Staff Costs (Note 8)	15,932	-	15,932	37,501
Staff Travel	41	-	41	485
Office Rent, Rates & Insurance	2,645	-	2,645	3,377
Office Equipment & Website	228	-	228	300
Postage, Stationery & Telephone	927	-	927	3,409
Other Operating Costs	1,096	-	1,096	602
	20,869	-	20,869	45,674
<u>Total</u>	37,043	-	37,043	65,009
7 Governance Costs				
Independent Examiner's fee	268	-	268	269
Legal Advice	6,213	-	6,213	2,307
Trustee Expenses	2,216	-	2,216	2,127
Trustee Meeting Costs	975	-	975	891
Sundries	48	-	48	48
	9,720	-	9,720	5,642

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

8 Staff Costs	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
Salaries	15,264	-	15,264	33,374
Employer's National Insurance	55	-	55	2,515
Employer's Pension Contributions	613	-	613	1,612
	15,932	-	15,932	37,501

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 0.8 1.1

9 Movements between Funds	Balance 31/03/2013	Incoming Resources	Outgoing Resources	Transfers	Balance 31/03/2014
Unrestricted Fund	297	63,866	(46,763)	930	18,330
Restricted Funds					
Bursary Fund	207	842	-	(930)	119
Training Fund	-	10,000	-	-	10,000
	207	10,842	-	(930)	10,119
Total Funds	504	74,708	(46,763)	-	28,449

Transfers

£930 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

Bursary Fund Funding provided by members towards the cost of reduced subscriptions for members who carry out IE on a voluntary basis.

Training Fund Grant funding from Robertson Trust towards the cost of training courses in Scotland.

10 Debtors (receivable within one year)	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
Gift Aid Receivable	-	117	117	204
Other Debtors	300	-	300	120
	300	117	417	324

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
11 Bank & Cash Balances				
Bank Deposit Account	14,063	10,000	24,063	2,001
Bank Current Account	4,576	2	4,578	746
Cash in hand	-	-	-	250
	18,639	10,002	28,641	2,997
12 Creditors (Payable within one year)				
PAYE & NI Contributions	64	-	64	91
Deferred Income (Note 13)	285	-	285	-
Other Creditors & Accruals	260	-	260	2,726
	609	-	609	2,817
13 Deferred Income				
Subscriptions received in advance for 2014/15			285	-
15 Operating Leases				
In 2013, the trustees 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 December 2013. The Association has the option to terminate the agreement on 01 December 2014 or 01 December 2015 by giving three months prior written notice. The amounts payable under the agreement (for Rent, Insurance & Service Charges) are:				
Within 12 months			1,090	-