

ANNUAL REPORT AND ACCOUNTS 2014/15

National Council for
Voluntary Organisations

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED **31 MARCH 2015**

Company number: 198344
Charity number: 225922

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS

Patron
Her Majesty the Queen

President
Baroness Grey-Thompson DBE

NCVO TRUSTEE BOARD

HONORARY OFFICERS

Chair
Martyn Lewis CBE

Vice Chair
Jo Ash
Resigned 14 November 2014

Julian Mason
Appointed 11 December 2014

Honorary Treasurer
Bruce Gordon

Trustees
Dame Julia Cleverdon
Resigned 16 March 2015
Ciarán Devane

Jenny Field
Appointed 14 November 2014

Dominic Fox
Resigned 14 November 2014

Chris Freed
Appointed 14 November 2014

Fazilet Hadi

Matt Hyde
Richard Leaman CE OBE

Jonathan Moore

Natasha Mort
Appointed 14 November 2014

Chris Wade

Tessa Willow
Resigned 14 November 2014

Sally Young

AUDIT AND RISK COMMITTEE

Chair

David Locke (independent)
Resigned 23 February 2015

Sarah Morrison (independent)
Appointed chair 23 February
2015
Appointed 07 July 2014 to
committee

Trustees

Jo Ash
Resigned 14 November 2014

Bruce Gordon

Fazilet Hadi
Appointed 11 December 2014

Chris Wade

Independents

Anna Bennett

Pesh Framjee
Resigned 23 February 2015

NOMINATIONS COMMITTEE

Chair

Martyn Lewis CBE (trustee)

Trustees

Jo Ash
Resigned 14 November 2014

Bruce Gordon

Julian Mason

Jonathan Moore

Sally Young
Appointed 11 December 2014

Independents

Jo Ash
Appointed 14 November 2014

Erica De'Arth
Resigned 12 September 2014

Dominic Fox
Appointed 14 November 2014

Lynne Regan

Jane Slowey
Resigned 12 September 2014

HR AND REMUNERATION COMMITTEE

Chair

Martyn Lewis CBE (trustee)

Trustees

Jo Ash
Resigned 14 November 2014

Dame Julia Cleverdon
Appointed 11 December 2014

Bruce Gordon

Julian Mason

Independents

Wendy Blake Ranken

Ann Cummins

CHIEF EXECUTIVE

Sir Stuart Etherington

COMPANY SECRETARY

Sarah Welsh

MEMBERS' ASSEMBLY

The Members' Assembly at the 2014 AGM was revised to have 50 elected members and is articulated in NCVO's Regulations, 'to consider debate and advise the Trustee Board on matters of sectoral policy and other such matters as may be referred to it from time to time by the Trustee Board.'

The purpose of the Assembly is to enable a wider member base to contribute to the development of public policy in NCVO. It will allow members to: contribute to the development of new and emerging thinking on public policy issues; and provide input, information and advice as public policy positions are developed.

AUDITORS

BDO LLP

BANKERS

Barclays Bank Plc

INVESTMENT MANAGERS

Sarasin and Partners LLP

REGISTERED OFFICE AND OPERATIONAL ADDRESS

Society Building, 8 All Saints Street,
London N1 9RL

Registered charity no. 225922

Company registration no. 198344

FROM THE CHAIR

I am pleased to introduce NCVO's annual report for 2014–15. It has been an exciting year, marked splendidly by the 30th anniversary of Volunteers' Week; along with millions of people across the country we highlighted how much volunteers are appreciated and valued.

The year also saw further strong consolidation, following on from our merger the previous year with Volunteering England. We engaged in discussions with the Charities Evaluation Services, who specialise in helping organisations demonstrate their impact, which culminated in a merger on 1 November. We were also asked to take on the core services of the Mentoring and Befriending Foundation and are pleased to be able to ensure that this important work can survive into the future. These moves are already strengthening the range of services and expertise NCVO offers to members and the wider sector. At the year-end we had a strong reserves position following the transfer of CES and have committed to spending £1m on projects to benefit our members.

In April, after extensive consultation with members, we launched a new five-year strategy. The core aims underpinning that strategy are to champion volunteering and the voluntary sector, strengthen organisations, grow and enhance volunteering and connect people and organisations. And the strategy commits us to doing all this while being sustainable and socially responsible ourselves. We fully expect our members to monitor our progress and hold us to account.

We have also continued our work on monitoring the environment in the wider sector. The 13th edition of the UK Civil Society Almanac published this year showed that the voluntary sector's income from central and local government fell by £1.7bn between 2011/12 and 2013/14. We launched a major review of the financial sustainability of the sector, which has since reported and predicted a struggle ahead for the sector to maintain its income. We know that many of our members are feeling the pinch, particularly middle-income organisations which run a number of

AT THE YEAR-END WE HAD A STRONG RESERVES POSITION FOLLOWING THE TRANSFER OF CES AND HAVE COMMITTED TO SPENDING £1M ON PROJECTS TO BENEFIT OUR MEMBERS.



services but are not large enough to spread risk across their operations. For individual charities, collaboration, innovation and efficiency will be key to planning for the future.

With that in mind, NCVO was delighted this year to help broker a match-funding agreement between the Big Lottery Fund and the European Structural and Investment Fund to secure more than £500m of funding for charities. The fund, which will run until 2020, is already helping small and local-level charities to address poverty and social exclusion. Moreover, it represents an opening-up of European funding to the voluntary sector on a community-led basis – something which I hope will set a welcome precedent for the future.

After wide consultation with our members, we produced our own General Election manifesto looking in detail at how the voluntary sector could work alongside government to deliver better outcomes. Called A Bigger Difference, and circulated to all the political parties, it demonstrated ways in which a new government could help the charity sector provide solutions to many of the problems in our society: how to strengthen the economy, transform public services, and help communities and volunteering flourish.

We were pleased to see many of our calls reflected in the party manifestos – but, of course, there is still much to do. We will keep working closely with our members and alongside government to make sure that our proposals are heard and the sector's potential can be realised.

Following the publication of the report of our inquiry into senior executive pay in April 2014, we are starting to see charities adopt our published report recommendations. These include publishing the exact salaries of senior staff on organisations' websites along with the rationale used by the trustees to set those salaries – plus the ratio between the highest and median salaries.

NCVO is keen to demonstrate leadership and good practice in this area. So you can see our own pay scales and ratios in this report and on our website. Transparency and openness with donors and the public are clearly going to become more important as public and media scrutiny of charities increases.

With best wishes,

Martyn Lewis CBE
Chair

September 2015

Our new five-year strategy is
built around a clear mission:
to help our members make
the biggest difference.



St. Matthew's Project
NCVO member
since 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT

The trustee board presents its annual report (incorporating strategic report) and the audited financial statements for the year ended 31 March 2015.

The legal and administrative information set out on pages 1 to 6 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005.

NCVO is a charitable company limited by guarantee, founded in 1919 as the National Council of Social Services, incorporated on 30 May 1924 and registered as a charity on 1 January 1964. It was established under a memorandum of association, which defines its objects and powers, and is governed by its articles of association. In addition, there are detailed regulations made under the articles. In November 2010 amended articles were adopted at the annual general meeting of the company, and the memorandum and articles of association have been reformatted so that the key provisions contained in the memorandum are now included as part of the articles.

Full membership of NCVO is open to voluntary organisations that comply with the criteria for membership. In addition there are affiliate categories of membership for public sector and corporate bodies.

NCVO's trustee board is responsible for managing the business of NCVO as outlined in the articles of association.

NCVO is governed by a board of 14 trustees, including three honorary officers (chair, vice-chair and treasurer). The chair, treasurer and seven trustees are directly elected from the membership. Additional trustees are co-opted by the board to ensure the right mix of skills and experience, including a trustee from the Charities Evaluation Services appointed to the NCVO board following the merger. One of the trustees is elected to fill the vice-chair honorary officer position by the board. Trustees serve for a term of three years, with a maximum of two terms to be served.

The following committees report to the board:

- Nominations Committee, to facilitate diversity in the governance structure, ensure the right mix of skills and experience, and supervise the democratic process
- HR and Remuneration Committee, to consider HR policy and related matters
- Audit and Risk Committee, to provide independent advice and assurance on risk, control and governance matters.

NCVO's Members' Assembly is a forum to advise the board on issues in the voluntary sector and to contribute to the development of NCVO's positions on matters of public policy. There are 50 elected members who may serve for up to two terms of three years each. There are four meetings a year, including the AGM, to provide an opportunity for wider engagement with the sector the meetings are now open and held regionally. The Assembly is chaired by a member of the trustee board.

On election, each new trustee receives an induction pack including The Good Trustee Guide and a range of key organisational policies and documents. All trustees attend an induction, which includes a presentation on the organisation, the opportunity to meet key staff, and a question and answer session.



Home-Start Bolton
NCVO member since 2012

All trustees also take part in an annual residential planning event. This provides an opportunity for trustees to spend time with other board members and members of NCVO's senior management team discussing the environment in which the organisation operates, and the organisation's future plans.

The trustee board was supported during the year by a management team and staff of around 100 employees, organised into four departments, as follows.

Public policy

Comprises NCVO's policy and research functions, external relations, partnerships (including public services and the Compact Voice team) and our European and international work.

Enterprise

Including membership, events, enterprise development, fundraising and marketing, consultancy and training.

Volunteering and development

Providing a focus for volunteering policy development and support activity across the whole organisation, support to infrastructure, including Volunteer Centres and the Big Assist project.

Planning and resources

Comprises NCVO's internal support services and is responsible for the organisational planning process, servicing of the governance structure and running the conference suite.

THE SENIOR MANAGEMENT TEAM CONSISTS OF:

Chief Executive

Sir Stuart Etherington

Director of Public Policy

Dr Karl Wilding

Director of Enterprise and Development

Richard Williams

Director of Volunteering and Development

Dr Justin Davis Smith CBE

Director of Planning and Resources

Coral Newton/Sarah Welsh (job share)

Sarah Welsh is also the company secretary.

Coral Newton and Sarah Welsh both left following the year end.

President

Baroness Tanni Grey-Thompson was elected president of NCVO at the AGM in November 2012. The president acts as an ambassador for NCVO and is elected by the members for a non-renewable term of five years.



TEN MEMBERS OF THE ASSEMBLY ARE ELECTED BY THE OTHER ASSEMBLY MEMBERS TO ENSURE THE SKILLS AND EXPERIENCE ENCOMPASS THE BREADTH OF CIVIL SOCIETY

OBJECTIVES AND ACTIVITIES

NCVO champions the voluntary sector and volunteering. Inspired and empowered by our 11,000 members, we connect, represent and support voluntary organisations, from the smallest community groups to the largest charities.

In March 2014 NCVO launched its new five-year strategy, *Together We Make a Bigger Difference*, following a year of consultation with our members, partners and staff.

It sets our priorities for the next five years, under five strategic aims.

1. We will champion volunteering and the voluntary sector.
2. We will strengthen voluntary organisations.
3. We will grow and enhance volunteering, wherever it takes place.
4. We will connect people and organisations.
5. We will be a sustainable and socially responsible organisation.



**DURING THIS YEAR WE HELD
LARGE-SCALE CONSULTATIONS WITH NCVO
MEMBERS ON THEIR PRIORITIES FOR NCVO
AND FOR THE NEXT GOVERNMENT.**

It describes the values that will govern our work. We will:

- **use evidence:** we base what we say and do on the best research and our members' experiences
- **be creative:** we explore new ideas and approaches, looking for what will add real value
- **be collaborative:** we work with our members and partners to achieve the best results
- **be inclusive:** we value diversity and work to make sure that opportunities are open to all
- **work with integrity:** we are open and honest and do what we believe is best for our members, volunteers and the voluntary sector.

Beneath each strategic aim we set out the changes we want to see over five years, what we will do to achieve that and how we will go about it. Further information on the activities underpinning each of the five aims is given in the 'Achievements and performance' section of this report.

www.ncvo.org.uk/about-us/our-strategy

Public benefit statement

The trustees have paid due regard to the Charity Commission guidance on public benefit. The trustees are confident that NCVO's aims and activities – educating about, campaigning for and promoting the interests of civil society organisations – are in accordance with the regulations on public benefit.



This was the first year of our new strategic plan, reflecting the importance we have given to voluntary action at the heart of our strategic plan, following the merger with Volunteering England in 2013.

It was a year that saw further consolidation, bringing on board Charities Evaluation Services (CES) from the beginning of November 2014. This further strengthens NCVO's support for its members and enables CES's highly regarded work on outcomes and impact measurement to be secured for the longer term, strengthening the support NCVO is able to give its members. CES's popular PQASSO quality standards are considered best-in-class for quality management and are in use by charities in the UK and overseas. Their work will complement NCVO's other quality standards, Investing in Volunteers and Volunteer Centre Quality Accreditation.

In the later part of the year we also prepared for the transfer of services from the Mentoring and Befriending Foundation on 1 April 2015. These included the Approved Provider Standard for mentoring and befriending projects and the National Training Programme of short courses in mentoring and befriending designed to help organisations develop good practice. With most mentoring and befriending work undertaken by volunteers, NCVO believes that a mentoring and befriending specialism will enhance and strengthen the volunteering aspect of its work and create opportunities to develop key aspects of MBF's core service provision.

We experienced further growth in membership during the year, ending the year with 11,500 members and retention rates of 92%. Throughout the year, we continued to provide much-needed advice and support in areas crucial to the voluntary

and community sector, enhancing NCVO's position as a key influence on the press, opinion formers and politicians at both a national and regional level.

The following sections summarise some of our key achievements during 2014/15 against each of NCVO's five strategic aims.

Measuring our success

During 2014/15 we established an internal 'measuring success group' to find out how our members felt we were doing. This group oversaw the development of a survey which we ran with a sample of members. The feedback we received was largely positive. Most respondents felt our influence had been positive for the sector in a time of change, though they also want us to do more to help organisations respond to changes. Help with sustainability and with leadership and governance were most important to those who responded to the survey, along with managing volunteers. Some of the results are highlighted below for illustrative purposes, but the real value of the feedback is in informing our future work priorities.

While the majority of respondents were from small to medium-sized organisations, broadly reflecting the sector and our membership, the results do need to be treated with some caution given the opt-in nature of the survey. We will develop the methodology further, for example to ensure we are hearing from organisations of all sizes, and will repeat the survey in 2016.

ACHIEVEMENTS AND PERFORMANCE

Aim 1

We will champion volunteering and the voluntary sector

We champion the rights of voluntary organisations to campaign and we work with our members to ensure their voices are heard. We do this so that voluntary organisations are more confident speaking truth to power.

We used the manifesto we created in collaboration with members last year as the basis of lobbying ahead of the general election to ensure our sector's potential contribution to society can be maximised. We were pleased to see many of our recommendations reflected in the political party manifestos.

We have worked to influence the draft Charities Bill in pre-legislative scrutiny and prepared for its passage through parliament. We are working to ensure the right balance is struck between equipping the Charity Commission with stronger powers where needed to tackle abuse in charities, and providing the necessary safeguards for charities and trustees.

We continue to press for greater transparency about the role of the voluntary sector in public services provision both as a prime and a sub-contractor and have developed and promoted detailed policy thinking on the introduction of a standardised transparency clause and reforms to the Contracts Finder website.

We brokered an agreement between government and the Big Lottery Fund that is set to release over £500m of funding for charities, with a focus on skills, employability and social exclusion work.

We aim to demonstrate the value of voluntary organisations and volunteering and show that the sector is transparent and accountable for the way it uses its resources.

We do this so that voluntary organisations and volunteering are widely understood and valued.

We continued to demonstrate the scope, scale and contribution of the voluntary sector through our UK Civil Society Almanac. The Almanac website had over 56,973 unique users over 76,601 sessions in 2014/15. We have promoted the use of Almanac data to inform government policy by presenting detailed overviews of voluntary sector statistics to HM Treasury, the cross-Whitehall VCS and Compact leads group.

We launched a major review of the financial situation of the sector to inform future thinking and policy.

We worked with members on the development of a new brand for NCVO, to help us best communicate the value of voluntary organisations and volunteering.

Our research team carried out 24 research projects concerning voluntary organisations and volunteering, including evaluations or impact assessments carried out on behalf of organisations to help them to demonstrate their value. The majority of this research is shared through our online Evidence Bank, which received over 9,041 visits from 5,567 unique visitors this year.

We posted 21 blogs covering our research and discussing areas such as the value of volunteering to the UK. In total these blogs were viewed over 11,000 times.

Nine in ten of those who responded to our survey agreed that NCVO 'champions the voluntary sector' and three in four felt that we had been of help in supporting them to communicate the value of their organisation in the past year.

Aim 2

We will strengthen voluntary organisations

We provide high-quality support and advice so that voluntary organisations are more sustainable, well led and governed and adapting and changing with the environment. We want voluntary organisations to be supported more effectively to make the biggest difference.

NCVO members told us that sustainability was the most important issue for their organisation. Over half of those who replied to our survey said we had helped them understand how to be more sustainable over the last year.

We continue to help leverage our members' joint buying power to get new deals to help them reduce costs and become more sustainable.

We worked with Navca on their commission on the future of local infrastructure, and welcomed the extension of funding to deliver support to local infrastructure bodies through the Big Assist programme.

Members told us we had been of help in supporting them to understand good governance and stay up-to-date about legal and policy changes relating to governance.

Our website is a key way of providing information and support for members. During the year there were around 460,000 visitors to the NCVO website and 100,000 to our blogs site. We started a programme of webinars and we continue to run online Q&As. We added further new courses were to our affordable and accessible StudyZone platform.

Through our joint venture, Trustees Unlimited, we launched our new Step on Board programme, helping charities find quality candidates for board vacancies.

Following the successful merger with Charities Evaluation Services we have continued to promote the PQASSO offering to help members measure their performance. In Q4, 32 organisations were awarded the Quality Mark. Awareness in Wales of quality assurance systems is increasing across both the third sector and others. This was supported by BIG Lottery Wales funding.

Aim 3

We will grow and enhance volunteering, wherever it takes place

Nearly all members who replied to our survey said that managing and supporting volunteers is an issue of importance to their organisation.

We provided practical guidance in response to over 300 enquiries and in-depth support through training and consultancy.

Our quality standards helped underpin good practice. 50 organisations achieved the Investing in Volunteers standard and 72 volunteer centres registered for the new Wave 4 Volunteer Centre Quality Accreditation. We shared nine new good practice case studies and produced new guidance on engaging young people as volunteers as part of our commitment to the #iwill campaign.

The new National Volunteering Forum brought together 245 people to debate the big issues in volunteering and share good practice. Topics included internships, diversity and volunteering in public services. 84% of attendees established new contacts and 76% would adapt practice as a result of attending.

We helped to inspire more people to volunteer through the 30th anniversary of Volunteers' Week. 486 events were registered, widespread media

coverage, and over 2,523 resource packs downloaded. The week had 40,000 mentions on Twitter.

We gave evidence to the Parliamentary Committee on the Social Action, Responsibility and Heroism Bill and worked with the Department for Work and Pensions and Jobcentre Plus to help reduce barriers to volunteering and the role it can play in making a difference to people and communities.

Supported by Department of Health and working with Volunteer Centres, we developed new volunteering opportunities in care homes in five areas to help improve outcomes for residents and establish good practice in this area

The Institute for Volunteering Research continues to be a leader in its field and this year launched the 3rd edition of Volunteering Impact Assessment Toolkit to help organisations measure and demonstrate the difference volunteering makes.

We worked closely with partners including the Queen's Award for Voluntary Service and the Commission on the Voluntary Sector and Ageing.

Aim 4

We will connect people and organisations

Around 1,500 people attended NCVO conferences, with most of them telling us they made new connections at these events. Yet more attended other NCVO events, including breakfast briefings and public affairs network events. Hundreds more attended NCVO training events.

We launched a new advanced campaigning training course called Leadership in campaigns to start to facilitate a network of campaign leaders.

We have developed special interest groups on Knowhow NonProfit, which provide an online space for people working in the voluntary sector to share good practice, collaborate and connect with others.

Funding Central, the website we run which helps voluntary organisations find funders, had over 80,000 registered users by the end of the year, having grown by around 1,000 a month. A survey carried out in March found 9 in 10 users said it had alerted them to new funds and 4 in 5 said it saved them time.

We contribute to and learn from international networks of voluntary organisations. We successfully completed our Building Bridges project, creating and working with around 80 organisations in Tunisia, Libya and Egypt.

We listened to our members' feedback and increased the number of Members Assembly meetings to four a year, held regionally, giving members an opportunity to meet and discuss national policy issues. We continued to work with members to develop our policy positions and campaign together so that voluntary organisations have a louder voice

We have developed an internal digital skills framework to support staff and boost our online engagement with members.

Most NCVO members who replied to our survey said we helped them to connect with others in the sector, but we still want to do more here.

Aim 5

We will be a sustainable and socially responsible organisation

We will strengthen our networks and our relationships with our members so that we have an engaged membership

Over 1,000 new members joined us, and we ended the year with around 11,500 members.

We developed and rolled out new customer relationship management software in this year to ensure we can better serve members.

To enhance what we can offer members and to help sustain valuable services for the sector, we merged with Charities Evaluation Services and transferred the core services of the Mentoring and Befriending Foundation to our volunteering and development directorate.

We met our commitment to increase our unrestricted income each year to be financially independent.

Aside from the income from assets associated with CES, we grew unrestricted income by around £450,000, driven by a range of factors including a 10% growth in trading income and increase in membership. Total new ventures income trebled compared to 13/14.

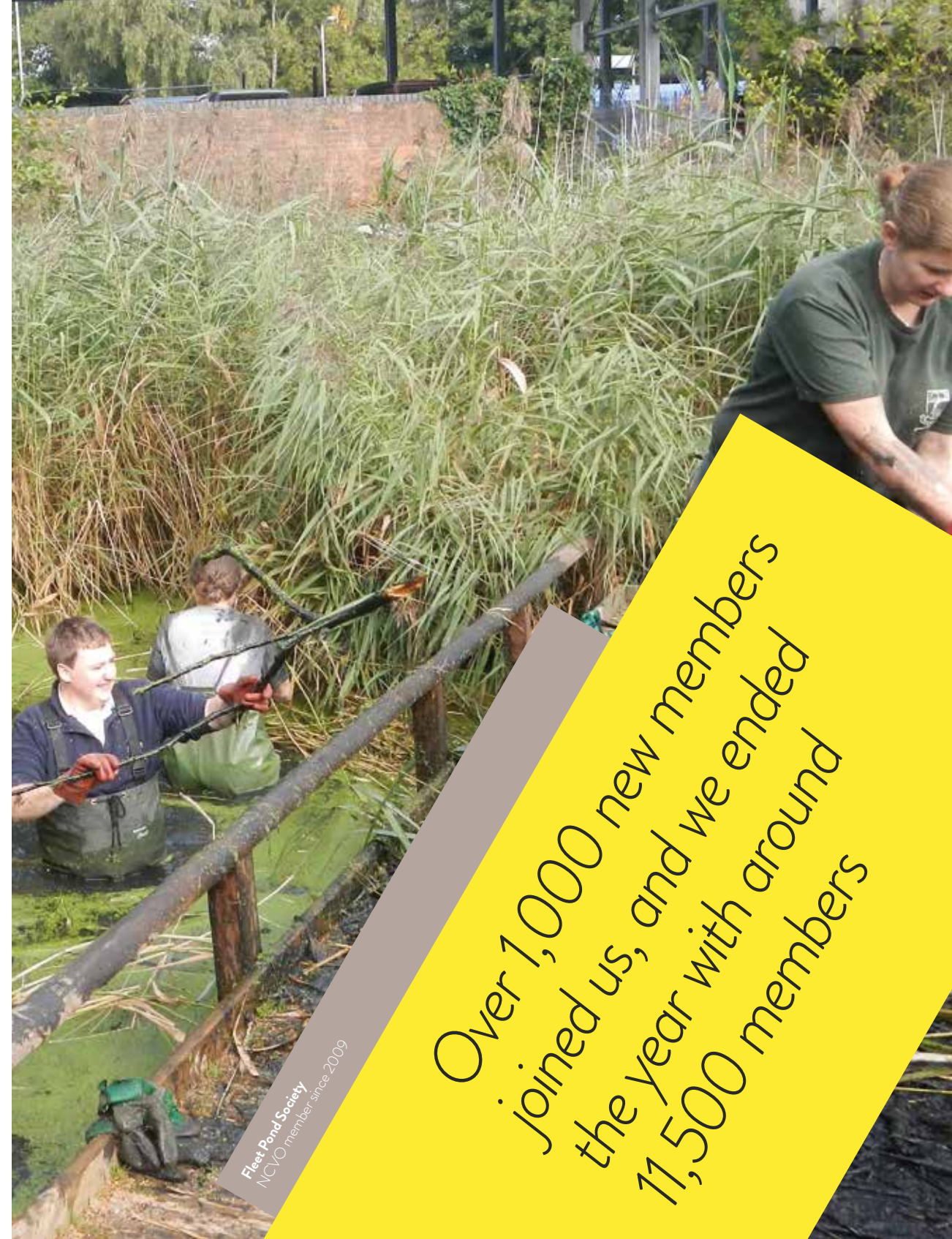
We continue to grow our conference facility offering, with 100% of customers saying they would be happy to recommend us to others.

As part of our commitment to be an environmentally and socially responsible organisation, we continue to be a living wage employer. Our solar panels generated 17,426kwh of energy and earned £2,614 of income. We use 100% recycled paper and purchase eco-friendly stationery products. We recycled 21,060kgs of waste, saving the equivalent of 171 trees and 4.32 tonnes of CO2. We continue to use 100% biodegradable and compostable disposables in our conference suite. We removed a parking space to make room for more bicycle racks, of which we now have 40 in total. We pay cycle mileage.

We will enable more people to get involved in our work as volunteers and encourage and support our own staff in volunteering.

We launched a new staff volunteering group. Our staff survey showed most staff felt NCVO encourages them to volunteer, and nearly 40% used volunteering leave in the year.

We will become much more of a learning organisation. We held seven sessions to improve coaching staff for all line managers and launched 'Learning Lab' sessions to support employees' digital skills.



Fleet Pond Society
NCVO member since 2009

Over 1,000 new members
joined us, and we ended
the year with around
11,500 members



Prince's Trust
NCVO member since 1996

We continued to develop a diverse portfolio of income to fund our activities, with total incoming resources amounting to £10,365,000,

FINANCIAL REVIEW

Incoming resources

We continued to develop a diverse portfolio of income to fund our activities, with total incoming resources amounting to £10,365,000, an increase of £777,000 (8%) from last year.

Membership subscriptions of £960,000 account for around 9% of NCVO's total income, an increase of £29,000 compared to previous year.

Voluntary income includes donations from Charities Aid Foundation (CAF) amounting to £1,556,000.

£1,148,000 of assets were transferred from Charities Evaluation Services, including £1m from the sale of the building.

Unrestricted income received during the year for advice and information services of £1,324,000 includes consultancy and training income of £405,000 and fee income totalling £839,000 for the Big Assist and Funding Central projects.

£1,892,000 was received from other grants and sponsorship, as outlined in note 2 of the accounts.

Of this, £1,785,000 was restricted, most of which related to capacity-building services. It includes fees for projects including: Volunteering in Care Homes, Cultural Commissioning, Big Lottery Fund, Office for Civil Society – Compact Voice and Masterclasses, European Social Funds and Arab Partnership-Building Bridges.

Activities for generating funds amounted to £2,751,000, an increase of £365,000, including income from the conference suite £1,280,000, brokered services £389,000 and £387,000 from tenants.

Resources expended

Expenditure, totalling £8,737,000, shows a decrease of 1% from last year (£8,868,000), reflecting the decrease in capacity-building activity, including those projects noted above.

MEMBERSHIP SUBSCRIPTIONS OF £960,000 ACCOUNT FOR AROUND 9% OF NCVO'S TOTAL INCOME, AN INCREASE OF £29,000 COMPARED TO PREVIOUS YEAR.



The average number of staff reduced from 106 to 105, with staff costs growing by 1.5% to £5,245,000.

Contributions to our defined benefit pension scheme, which was closed to future accrual on 31 March 2011, amounted to £325,000. This will increase to £430,000 in April 2015, under the terms of a 12-year deficit recovery plan agreed with the Pensions Trust in 2014, following the September 2013 actuarial review. The current market value of our building more than covers the current pension deficit £5.9m.

Funds

We closed the year with total funds of £1,441,000 on the balance sheet, including the funds gifted by Charities Evaluation Services. Trustees agreed to create a reserve of £375,000 for centenary celebrations in 2019, to highlight the crucial role of charities and volunteering in shaping our society over the past 100 years. We have also earmarked £1,000,000 of funds to spend on projects to benefit members.

An in-year operating surplus of £480,000 (excluding CES transfer) was offset by an increase of £2,460,000 in the defined benefit pension deficit under FRS 17.

The balance sheet value of our fixed assets declined, as we depreciated the works on Society Building completed in 2013. The balance sheet shows the value of the building as £3.4m under the historic cost convention, being the original cost, plus the cost of recent building works, less depreciation. In June 2013 the building was valued at £14.25m, on a 15-year sale and leaseback basis. There is no reason to believe that the valuation will have changed significantly since then.

Our investments increased by £156,000, as a result of growth in their underlying value. The value of our share of joint venture profits was £18,000. An increase in our defined benefit pension reserves offset the operating surplus as well as the CES transfer and our reserves stood at £1,441,000.

Investments

NCVO’s investment portfolio is currently managed by Sarasin and Partners. The majority of these funds represent long-term money and the investment objective is to provide long-term capital and income growth. These funds are invested across a range of asset classes, with a strong bias towards ‘real’ assets such as equities, using Sarasin’s Alpha Common Investment Fund for Endowments as the vehicle through which investment policy is implemented. A small element is also invested in the Alpha Common Investment Fund for Income and Reserves.

The Alpha Common Investment Fund’s Socially Responsible Investment Policy is to avoid investment in companies with more than 10% of their turnover in alcohol manufacture, armaments, gambling or pornography. The Fund will not invest in companies manufacturing tobacco-related products. The Fund is active in voting on company resolutions and will engage in direct dialogue with companies when appropriate.

Sarasin provides real-time, online information on performance of the portfolio. In addition it attends a trustee board and an audit and risk committee meeting at least annually to discuss the performance of the portfolio, economic conditions and future requirements.

The NCVO investment portfolio is part of a combined portfolio including the charitable trusts that NCVO administers, which are pooled together as permitted by the general power of investment defined within the Trustee Act 2000 and the governing documents of the trusts. This set of published accounts only includes the value of the NCVO investments.

Investment gains during the year amounted to £156,000, or 7% of the value of holdings. This is recorded in the net investment gains and losses section of the SOFA.

In September 2014, the trustees reviewed their investment strategy. They agreed to continue to invest in common investment funds, adopting a positive approach to responsible investment, where this was practical. They agreed to consider tolerating some additional short-term volatility in performance, if this were necessary to broaden the choice of suitable funds. Holdings will be reviewed in line with the new strategy.

NCVO supports the UN Principles for Responsible Investment.

NCVO Trading Limited, a wholly owned subsidiary of NCVO, holds a 40% share in CaSE LLP. CaSE LLP is a joint venture with BWB CaSE. It licenses its brand to CaSE Insurance Services Ltd, in return for commission income on tailor-made insurance packages to the voluntary and community sector. NCVO also holds an investment of 33% in Trustees Unlimited LLP, a joint venture between NCVO Trading Limited, Russam GMS and Bates Wells Braithwaite, which each hold a third of the shares. Both CaSE LLP and Trustees Unlimited have been accounted for as joint ventures and consolidated on the SOFA and balance sheet.

Reserves

The trustees have set a reserves policy that requires reserves to be maintained at a level which ensures that NCVO’s core activity could continue during a period of unforeseen difficulty and that a proportion of reserves be maintained in a readily realisable form. The trustees assess the required level of reserves on an annual basis, alongside the operating budget. The assessment takes account of the market valuation of investments, income and expenditure risk within the budget, commitments to repay the loan secured on

the building and the need to keep sufficient bank balances to be able to manage the day-to-day fluctuations of receipts and payments.

In March 2015, the reserves policy was reviewed, and, based on the risk analysis, a readily realisable reserves figure of £2.3m was agreed to be necessary. Following the increase in realisable reserves at the year end £1m has been allocated for future projects to benefit members.

At 31 March 2015, NCVO’s readily realisable reserves were as follows.

	31 March 2015 £'000	31 March 2014 £'000
Investments	2,159	2,003
Other working capital	(565)	(167)
Bank accounts	2,350	242
Total readily realisable reserves	3,944	2,678

Grant-making policy

Grants to voluntary and community sector organisations are made in accordance with funding and partnership agreements.

FOLLOWING THE INCREASE IN REALISABLE RESERVES AT THE YEAR END £1M HAS BEEN ALLOCATED FOR FUTURE PROJECTS TO BENEFIT MEMBERS.



POLICIES

REMUNERATION STATEMENT



WE ALSO BELIEVE IN REWARDING STAFF FAIRLY FOR THE JOBS THAT THEY DO AND FOSTERING A POSITIVE WORKING ENVIRONMENT, AND WE BELIEVE OUR SALARIES AND OUR TERMS AND CONDITIONS REFLECT THIS.

The inquiry into charity senior executive pay provided guidance for trustees on setting remuneration for senior executives. It also recommended that all charities with independently audited accounts should:

- adopt a remuneration policy
- publish an annual statement explaining their charity's ethos and policy on remuneration
- explain how this impacts on the delivery of their charitable purposes
- report the actual remuneration, roles and names of individual highest-paid staff, as defined by the charity.

The inquiry recommended that the charity's remuneration statement should be included within its trustee annual report, in addition to the remuneration disclosures that charities are required to include as a note to their accounts.

Our approach to pay

NCVO has just over 100 staff. Salaries for the senior management team – the chief executive and directors – are set and reviewed annually by NCVO's HR and Remuneration Committee, a sub-committee of our board of trustees.

The HR and Remuneration Committee includes specialists with significant pay expertise and knowledge, especially of the charity sector.

All other staff salaries are set by the senior management team. They are arranged in organisation-wide pay bands, using comparisons with charities of our size in London and taking into account factors including inflation and NCVO's financial position. Salaries are openly stated in job adverts.

NCVO is ambitious for the voluntary sector and we believe in recruiting high-calibre people to represent its interests. We also believe in rewarding staff fairly for the jobs that they do and fostering a positive working environment, and we believe our salaries and our terms and conditions reflect this.

NCVO is a London living wage-accredited employer, meaning all our staff and contractors are paid at least the London living wage. Additionally, we believe in creating routes into charities for people who cannot afford to undertake unpaid 'internships', so we have established paid traineeships that provide people with the training and skills they need to establish successful careers, while rewarding them fairly for their work.

People are employed at NCVO on the basis of the specific skills that they bring to their particular role. For NCVO to run successfully, a large range of skills and disciplines are required, and we need to pay appropriately to ensure that we can recruit people with the right skills. We also need to retain them in a competitive market where, not least as a result of NCVO's cross-cutting role, their skills are readily transferable to other organisations, both in the voluntary sector and in other sectors. NCVO firmly believes in trying to retain staff for the long term, developing them and benefiting from their growing knowledge. This is in preference to the disruption and expense of recruitment, especially as many staff have detailed knowledge that is unique to them in the organisation and could not be quickly replaced. Our staff pay scales are set with this in mind.

(i) Senior management pay

NCVO's unique position in representing the whole of the voluntary sector means that the chief executive and other members of the senior management team require a breadth and depth of expertise that requires drawing from the best senior-level talent in a competitive market. They need to be able to command the respect of their peers among our members, from the smallest to the very largest charities, through their experience and their credibility. At the same time, we seek to keep salary costs under control.

(ii) Benchmarking

Both senior management team and staff pay levels are reviewed annually. Senior management team pay is determined by the HR and Remuneration Committee. Its aim is to benchmark our senior management team salaries around the 25th centile, i.e. the lower end of larger national charities' pay levels, with a 7.5% tolerance. We believe this comparison with national charities reflects the nature of the skills that we need to recruit and retain.

Staff pay is reviewed by the senior management team and negotiated on behalf of staff by NCVO's recognised union, Unite. Our aim is to pay at the 75th centile, i.e. the higher end compared with organisations of our size in terms of income and number of employees in the voluntary sector in London.

The same benefits, including pensions and terms and conditions, apply to the chief executive and directors as all other staff. We don't apply any form of performance-related pay, nor do we have a bonus scheme. We don't apply increments to staff salaries beyond one automatic increment after the first 12 months of service.

Each year the chief executive and directors participate in performance appraisal as part of the same feedback and appraisal scheme operated for all NCVO staff. In the case of the chief executive, this includes seeking detailed feedback from board members, colleagues and external contacts.



NCVO IS AMBITIOUS FOR THE VOLUNTARY SECTOR AND WE BELIEVE IN RECRUITING HIGH-CALIBRE PEOPLE TO REPRESENT ITS INTERESTS.



(iii) Current senior pay levels

Name	Title	Annual salary, 2014/15	Pension contributions, 2014/15	Total remuneration, 2014/15 (1)	Annual salary, 2015/16
Sir Stuart Etherington	Chief Executive	£130,631	£0	£130,631	£133,384
Dr Justin Davis Smith	Executive Director, Volunteering and Development	£92,634	£7,874	£100,708	£94,487
Dr Karl Wilding	Director of Public Policy	£83,034	£7,058	£90,092	£84,695
Richard Williams	Director of Enterprise	£83,034	£7,058	£90,092	£84,695
Coral Newton	Director of Planning and Resources	£49,820 pro rata (2)	£4,234	£50,069	£50,817 pro rata
Sarah Welsh			£4,234	£50,069	

1. Total remuneration figures are salary plus pension contributions. Senior management team members, like all NCVO staff, are also entitled to miscellaneous benefits, such as childcare vouchers, which have not been included here.
2. The director of planning and resources role is shared between two staff in a job-share arrangement, with each working three days a week.
3. Coral Newton left NCVO at the end of April 2015, and Sarah Welsh at the beginning of June.

Details of expenses for the senior management team are available in note 8 to the accounts.

(iv) Pay ratio

The ratio of our highest salary, £130,631, to our median salary, £34,314 is 3.8:1.

(v) Pay awards

While they are separately determined, annual pay increases for the chief executive, directors and staff have always been at the same percentage level. In recent years, the following pay increases have been awarded to both the senior management team and staff.

Year	Pay increase
2010	0%
2011	2%
2012	2%
2013	2%
2014	2%
2015	2%

FUTURE PLANS

We published our new strategic plan in March 2014, setting out our plans for the next five years. We anticipate that the environment for voluntary organisations will change rapidly over this period and the strategy is intended to reflect members' needs in the future as well as currently.

We also anticipate that voluntary organisations and volunteers will be playing a greater role in public services, while the ways that donors support charities is likely to evolve. Changing social attitudes will also bring higher expectations of transparency and accountability.

Among our priorities for the next five years are:

- Demonstrating the value of voluntary organisations and volunteering

- Upholding the rights of charities to campaign
- Making the case for effective and intelligent funding and contracting arrangements.
- Supporting local infrastructure, including volunteering centres.
- Becoming the first port of call for new charities seeking support
- Using our online platforms to bring individuals and organisations together to share expertise.
- Showing that the sector is accountable and transparent and leading the way on open data.

We set a key priority for 2015 of influencing the new government following the general election, making clear the difference that voluntary organisations and volunteers make, and how government policy can support them.

We will help the sector deal with a continued difficult financial environment. We anticipate a continued squeeze on voluntary sector income from both government contracts and grants, with growth in income from individuals not likely to fill the gap.

We will work with the government on its commitment to employer-supported volunteering.

We will continue to develop our digital strategy improving information, communication and social engagement across the sector. Following our merger with CES in November 2014 and taking on the services of the Mentoring and Befriending Foundation at the end of the year, we will review accreditation and promote the value of PQASSO. We aim to build on the capacity of CES consulting and training.

We will look to further grow our trading operations and partnerships in order to generate sustainable income.



The risk register is a standing item on the agenda at each trustee board meeting. It is reviewed quarterly by the senior management team and twice a year by the Audit and Risk Committee.

Risks are considered in five key areas: strategy, governance and management; operational; financial; environmental and external; legal and statutory. All identified risks are assessed for both likelihood of occurrence and potential financial and reputational impact, to give a gross risk. Mitigating controls are then considered, giving a net remaining risk. The risk-management strategy forms part of the planning process, against which the trustees review progress formally every year.

External and strategic risks include adverse publicity in the media, the risk of being perceived to have political bias and a risk of relationships with politicians and officials breaking down. Such eventualities would jeopardise our crucial role in promoting the interests of the voluntary sector. The main financial risks relate to earned income and the affordability of pension contributions.

Key operational risks include ensuring sustainability of the volunteering voice and ensuring that our CRM project delivers the desired benefits. Looking forward, we will also be managing risks around our networks, as connecting people and organisations is a key aim of our new strategy.



RISKS ARE CONSIDERED IN FIVE KEY AREAS: STRATEGY, GOVERNANCE AND MANAGEMENT; OPERATIONAL; FINANCIAL; ENVIRONMENTAL AND EXTERNAL; LEGAL AND STATUTORY

In addition to the main risk register, we also create a risk register for any high-risk projects, such as integration of new services (CES and MBF) and the CRM project. These are monitored closely by the relevant project board.

The trustees are satisfied that these and all other risks in the register have been adequately assessed and that appropriate steps are taken to mitigate risk.

In respect of financial risk, the trustees assess income risk and reserves levels in the context of the annual budget and three-year financial forecast. They believe that maintaining NCVO's readily realisable reserves at the levels stated will provide sufficient resources in the event of unplanned events or adverse conditions.

PRINCIPAL RISKS AND UNCERTAINTIES

Trustee board members

The members of the trustee board, who are also directors under the terms of the Companies Act 2006, are set out on page 5 and 6. The members of the trustee board have no beneficial interest in the group or charity.

The board of trustees would like to place on record their thanks to, and appreciation of, the chief executive, his senior management team and the whole of NCVO's staff for the skill and energy with which they have managed and contributed to the organisation throughout the year.

Liability of members

NCVO the charitable company is limited by guarantee and has no share capital. Clause 7 of the memorandum of association provides that every member, as defined by Clause 2 of the articles of association, is liable to contribute a sum not exceeding £1 in the event of the company being wound up while they are a member or within one year of ceasing to be a member. At the year end there were 11,500 members.

Statement of trustee board's responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements, in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Auditors

So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware, and each trustee has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BDO LLP was reappointed as auditor to NCVO at the AGM on 14 November 2014.

BDO has expressed their willingness to continue as auditor of the group and company.

Approved by the trustee board and signed on their behalf.

Martyn Lewis CBE
Chair

We have audited the financial statements of NCVO for the year ended 31 March 2015, which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at: www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the trustees' report, which includes the strategic 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:

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

Don Bawtree

Senior Statutory Auditor
For and on behalf of BDO LLP,
Statutory Auditor, Gatwick, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE NATIONAL COUNCIL FOR VOLUNTARY ORGANISATIONS

Statement of financial activities for the group and charity

For the year ended 31 March 2015

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income	3	1,604	7	1,611	2,029
Activities for generating funds	4	2,751	-	2,751	2,386
Investment income	5	71	-	71	71
Incoming resources from charitable activities					
Membership subscriptions	2	960	-	960	931
Projects and sponsorship					
Advisory services and information	2	1,324	1,228	2,552	2,592
Campaigns and communications	2	25	272	297	640
Education and training	2	503	169	672	605
Policy	2	23	50	73	33
Research	2	301	66	367	390
Incoming resources from merger	25	1,098	50	1,148	-
Incoming resources from joint venture		(137)	-	(137)	(89)
Total incoming resources		8,523	1,842	10,365	9,588
Resources expended					
Cost of generating funds	6	1,078	-	1,078	993

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Charitable expenditure					
Costs of activities in furtherance of the charity's objectives					
Advisory services and information		2,828	1,138	3,966	4,030
Campaigns and communications		1,283	261	1,544	1,971
Education and training		730	85	815	616
Policy		284	45	329	248
Research		704	71	775	831
Total charitable expenditure		5,829	1,600	7,429	7,696
Governance costs		109	-	109	111
Other resources expended					
Mergers and accessibility improvements		97	-	97	68
Centenary development		5	-	5	-
Strategic Development of Quality Marks		19	-	19	-
Total resources expended	6	7,137	1,600	8,737	8,868
Net incoming resources		1,386	242	1,628	720
Transfers	17	5	(5)	-	-
Share of operating profit – JVs		18	-	18	(98)
Net investment gains	10	156	-	156	51
Actuarial (losses) on defined benefit scheme	21	(2,460)	-	(2,460)	(742)
Net movement in funds		(895)	237	(658)	(69)
Funds at 1 April 2014		1,804	295	2,099	2,168
Funds at 31 March 2015		909	532	1,441	2,099

Statement of financial activities for the group and charity (continued)

For the year ended 31 March 2015

The statement of financial activities includes all gains and losses recognised in the year. Movements in funds are disclosed in note 17 to the financial statements. The net movement in funds includes £156,000 of unrealised investment gains. Net realised incoming resources for the year were £1,628,000 (2014: net incoming resources of £720,000).

Summarised results for the parent company are as follows:

	NCVO £'000
Total incoming resources	9,746
Total resources expended	(10,462)
Net incoming/(outgoing) resources	(716)

Group and charity balance sheet

For the year ended 31 March 2015

	Notes	Consolidated 2015 £'000	Consolidated 2014 £'000	NCVO 2015 £'000	NCVO 2014 £'000
Fixed assets					
Tangible fixed assets	9	5,075	5,186	5,075	5,186
Investments	10	2,159	2,003	2,159	2,003
Goodwill purchased		9	18	-	-
Inv in JV - Share of gross assets		66	48	-	-
Inv in JV - Share of gross liabilities		(20)	(20)	-	-
Net inv in JV		46	28	-	-
		7,289	7,235	7,234	7,189
Current assets					
Stocks	11	13	15	13	15
Debtors	12	2,579	2,112	3,378	2,621
Cash at bank and in hand		2,350	842	1,590	292
		4,942	2,969	4,981	2,928
Creditors: amounts falling due within one year	13	(2,710)	(2,099)	(2,604)	(1,913)
Net current assets		2,232	870	2,377	1,015
Total assets less current liabilities		9,521	8,105	9,611	8,204
Creditors: amounts falling due within one year	14	(2,088)	(2,178)	(2,088)	(2,178)
Net assets excluding pension liability		7,433	5,927	7,523	6,026
Defined benefit pension scheme liability	21	(5,992)	(3,828)	(5,992)	(3,828)
Net assets		1,441	2,099	1,531	2,198

	Notes	Consolidated 2015 £'000	Consolidated 2014 £'000	NCVO 2015 £'000	NCVO 2014 £'000
Funds					
Restricted funds	17	532	295	532	295
Unrestricted funds					
Pension reserve	17	(5,992)	(3,828)	(5,992)	(3,828)
Designated funds	17	2,930	2,885	2,930	2,885
General funds	17	3,971	2,747	4,061	2,846
Total funds	17	1,441	2,099	1,531	2,198

The freehold land and property included within tangible fixed assets is presented under the historical cost convention and is shown at original cost with an annual depreciation charge. In June 2013 the building was valued at £14.25m on a 15 year sale and leaseback basis.

Approved and authorised for issue by the trustee board and signed on their behalf on

Martyn Lewis CBE
Chair

Bruce Gordon
Treasurer

Group cash flow statement

For the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Net Cash inflow	18	551	180
Returns on investments and servicing of finance	19	6	(6)
Capital Expenditure - purchase of tangible fixed assets	9	(234)	(180)
Cash on Acquisition of CES		264	-
Cash on Sale of Building		1,200	-
-net purchase of investments	10	-	-
Total		1,787	(6)
Financing - repayment of mortgage	25	(174)	-
Financing - repayment of loan	14	(105)	-
Increase/ (Decrease) in Cash		1,508	(6)
Reconciliation of movements in net cash funds			
Increase/(Decrease) in cash		1,508	(6)
Cash used to repay loans		105	-
Change in net cash funds	20	1,613	(6)
Net cash funds at 1 April 2014	20	(1,436)	(1,430)
Net cash funds at 31 March 2015	20	177	(1,436)

1 Accounting policies

The financial statements are prepared in accordance with the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ (SORP 2005) published in March 2005, and applicable accounting standards and the Companies Act 2006.

a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments.

b) Incoming resources

Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities (SOFA) when receivable. The value placed on resources included in the SOFA is the value to the charity of the service or goods received.

Grants are credited to the SOFA when received or receivable, whichever is earlier, unless they relate to a specific future period, in which case they are deferred.

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

Legacies are recognised when the charity is advised by the personal representatives that payment will be made or property transferred and the amount involved can be quantified unless there are specific conditions preventing receipt, such as life tenancy. At the year-end, NCVO was aware of one such legacy property which has not yet been reflected in the accounts. The property was valued at £297,000 at March 2015 by Barclays Bank Trust Company Limited. Income from sales is included in the SOFA in the year in which the goods or service is supplied.

Membership income is recognised in the year to which it relates.

c) Allocation of costs

The costs of projects and activities are allocated between the headings to which they contribute. This is a judgement based on the objectives and related outcomes of the projects.

d) Expenditure

i) Costs of generating funds

Costs of generating funds includes fundraising expenditure in relation to staff members who are directly engaged in fundraising, business development, the Conference Suite and the related costs of the fundraising team.

ii) Charitable expenditure

Charitable expenditure includes all expenditure directly related to the objects of the charity.

iii) Governance costs

These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity’s activities.

iv) Project overhead allocations

Costs relating to support services are identified and a proportion allocated to the projects that NCVO undertakes. Support costs are allocated on the basis of staff numbers.

Other costs are allocated on the basis of staff time, staff numbers or area, as relevant.

e) Grant making

Costs of grant making are included in the SOFA in the year they are payable. Costs include grants made and support costs associated with the activity.

Multi-year grant commitments are conditional on progress reviews to determine whether future funding is provided and discretion is retained by the charity to terminate the grant. Where multi-year grant commitments exist, only expenditure relating to the current year’s liability will be recognised.

f) Rentals

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the SOFA in the year in which they fall due.

g) Fund accounting

The charity maintains the following funds:

i) Restricted funds

Restricted funds represent grants, donations and legacies received, which the donor has provided for specified purposes.

ii) General unrestricted funds

These represent funds that are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

iii) Designated funds

These represent unrestricted funds allocated by trustees for particular purposes.

h) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation, which is provided in equal instalments over the estimated useful lives of the assets. Assets under construction are depreciated upon completion of the project.

No depreciation is charged on freehold land. The rates of depreciation applied to other assets are:

Freehold building	50 years
Computer equipment	3 years
Fixtures and fittings	10 years
Plant and equipment	20 years

Capital commitment

Building construction work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Expenditure on the CRM development project is treated as a work in progress, and is included in Computer Equipment in note 9. No depreciation has been charged in 2014/15, but once fully implemented the costs will be depreciated over an estimated useful life of five years.

i) Investments

Investments are stated at mid-market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA. Unquoted investments are stated at cost.

j) Goods and services

VAT is charged on all supplies of goods and services made within the UK, at the appropriate rate, unless they are specifically either exempt from VAT or outside the scope of UK VAT.

k) Operating leases expenditure

Gross rentals paid are recognised as lease rental expenses. Rentals are charged to the profit and loss account, over the term of the lease.

l) Joint ventures

Assets and liabilities at the balance sheet date of jointly owned organisations are consolidated into the accounts based on NCVO’s share of the financial transactions.

m) Goodwill

Goodwill is capitalised and amortised over five years. The entire goodwill amount relates to CaSE, which became a joint venture on 31 March 2011.

n) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for marketing, selling and distribution costs. Provision is made where necessary for obsolete, slow-moving and defective stocks.

Accounting policies (continued)

o) Pension scheme

The charity operates two pension schemes.

Defined Contribution scheme

Staff are currently opted into a defined contribution scheme administered by Friends Provident Pensions Limited. The assets in this scheme are held separately from the charity in an independent fund administered by Friends Provident. The pension cost charge represents the contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

Defined Benefit scheme

NCVO's defined benefit scheme was closed to future accrual on 31 March 2011. The SOFA is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is included as part of this charge. Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions, are included in the other gains and losses section of the SOFA.

The deficit on the defined benefit pension scheme is calculated in accordance with FRS 17, and recognised in full on the balance sheet.

p) Consolidation

Consolidated financial statements have been prepared in respect of NCVO and its wholly owned subsidiary NCVO Trading Limited. The results of the subsidiary have been consolidated on a line-by-line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. In accordance with section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005, a separate SOFA for the charity has not been presented.

Notes to the financial statements

For the year ended 31 March 2015

2 Incoming resources from charitable activities

	Membership subscriptions, conference delegate fees and charitable purpose contracts 2015 £'000	Unrestricted grants and sponsorships 2015 £'000	Restricted grants and sponsorships 2015 £'000	Total 2015 £'000	Total 2014 £'000
Membership subscriptions	960	-	-	960	931
Advisory services and information	1,302	22	1,228	2,552	2,592
Campaigns and communications	12	13	272	297	640
Education and training	431	72	169	672	605
Policy	23	-	50	73	33
Research	301	-	66	367	390
Total	3,029	107	1,785	4,921	5,191

Notes to the financial statements (continued)

For the year ended 31 March 2015

2 Incoming resources from charitable activities (continued)

Grant and project income

	Total Funds 2015 £'000	Total Funds 2014 £'000
Unrestricted		
Ecclesiastical Insurance Group - KnowHow NonProfit	22	28
Pureprint - Evolve	-	16
M&G Investments Ltd - Evolve	-	15
Scottish Widows - Evolve	16	15
Other unrestricted income under £15,000	69	66
Total unrestricted	107	140
Restricted		
Barclays Leadership Programme - Governance and Leadership	-	66
Clothworkers - Governance Forum and Code	-	7
New Philanthropy Capital - Inspiring Impact	3	15
Calouste Gulbenkian Foundation - NCVO's Charity Evaluation Service	15	-
New Philanthropy Capital - NCVO's Charity Evaluation Service	5	-
Big Lottery Fund - PQASSO Wales	156	-
City Bridge Trust - Climate Change	21	21
Arts Council - Cultural Commissioning	362	310
Department of Health - Volunteering in Care Homes	171	170
Lloyds Bank Foundation for England and Wales - Community Engagement Programme	44	-
Big Lottery Fund - Stronger Communities	-	477
Big Lottery Fund - IVR Stronger Communities	35	65
Dimbleby Cancer Care and Marie Curie Cancer Care - Volunteering and Palliative Care Research	3	14
Nesta - Innovation in Giving	22	16
Nesta - IVR Innovation	-	35
Nesta - IVR Microvolunteering	-	15

Restricted (continued)	Total Funds 2015 £'000	Total Funds 2014 £'000
Office for Civil Society - Compact Voice	378	363
Ministry of Justice - Skills and Information Workshops	(1)	21
Office for Civil Society - Masterclasses	130	176
Office for Civil Society - Digital resources	40	-
Charities Aid Foundation - Charitable Giving	-	11
Joseph Rowntree Foundation - Strengthening the Voluntary Sector's Voice in Welfare Reform	25	13
Office for Civil Society - Social Investment	25	-
Calouste Gulbenkian Foundation - It's Our Community	-	35
Commonwealth Foundation - People Together	-	28
European Parliament - EU: What does it mean for You?	(1)	24
British Council - Young Leaders Exchange	-	19
The National Endowment for Democracy -	13	-
Department for Work and Pensions - European Social Fund	146	373
Foreign and Commonwealth Office - Arab Partnership: Building Bridges	115	132
Other grants under £15,000	78	116
Total restricted	1,785	2,522
Total grants and project income	1,892	2,662

Notes to the financial statements (continued)

For the year ended 31 March 2015

3 Voluntary income

	Unrestricted Funds 2015 £'000	Restricted Funds 2015 £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Core grant	-	-	-	500
Merger and accessibility improvements	-	-	-	79
Donations through Charities Aid Foundation	1,556	-	1,556	1,439
Legacies	-	-	-	-
Other donations and voluntary income	48	7	55	11
	1,604	7	1,611	2,029

4 Income generating activities

	Unrestricted Funds 2015 £'000	Restricted Funds 2015 £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Brokered services	389	-	389	413
Conference suite hire	1,280	-	1,280	1,056
Fees for Services	876	-	876	743
Publications	69	-	69	85
Share of joint venture turnover	137	-	137	89
	2,751	-	2,751	2,386

5 Investment income

	Unrestricted Funds 2015 £'000	Restricted Funds 2015 £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Dividends	71	-	71	71
Bank interest	-	-	-	-
	71	-	71	71

6 Resources expended

	Staff Costs £'000	Premises Costs £'000	Grant Making £'000	Support Costs £'000	Other Expenses £'000	Total 2015 £'000	Total 2014 £'000
Costs of generating funds	762	44	-	79	184	1,069	984
Charitable activities:							
Advisory services and information	2,199	153	176	245	1,193	3,966	4,030
Campaigns and communications	1,020	71	-	127	326	1,544	1,971
Education	360	24	22	36	373	815	616
Policy	274	17	-	32	6	329	248
Research	572	35	-	65	103	775	831
Mergers, accessibility improvements and other internal development	1	-	-	-	120	121	68
Governance costs	57	-	-	-	52	109	111
Costs of generating funds - JV	-	-	-	-	9	9	9
Total 2015	5,245	344	198	584	2,357	8,737	8,868
Total 2014	5,166	328	521	595	2,258	-	8,868

Other expenses include commissioning £1,426,262 (2014: £1,161,000); consumables £274,640 (2014: £293,000) and events £316,098 (2014: £358,000).

Commissioning includes fees on running the helpdesks and websites (for projects and for NCVO) and for membership administration.

Support costs

Support costs are made up of the following expenditure:

	2015 £'000	2014 £'000
Rent and other accommodation costs	236	241
Travel costs	26	31
Telephone, printing, postage and stationery	91	51
Equipment and IT costs	113	107
Professional fees and consultancy	110	157
Other overheads	8	8
Total	584	595

Notes to the financial statements (continued)

For the year ended 31 March 2015

6 Resources expended (continued)

Grants and partnership payments were made to the following organisations during the year:

	Total Funds 2015 £'000	Total Funds 2014 £'000
Volunteering for Stronger Communities		
2D	-	10
Volunteer Centre Camden	3	37
Oxfordshire Community and Voluntary Action	1	26
Volunteer Bristol	-	26
Tamworth CVS	-	25
Voluntary Action Islington	-	25
Blackburn with Darwen Community and Voluntary Service	-	30
Volunteer Cornwall	-	28
Nottingham Community & Voluntary Service	-	21
Volunteer Centre Sutton	-	19
Exeter CVS	3	28
Volunteer Centre Liverpool	-	37
Voluntary Action Sheffield	8	19
Volunteer Centre Dacorum	2	38
South Lincolnshire Community & Voluntary Service	6	25
Lincolnshire Community & Voluntary Service	6	-
	29	394
Volunteering for Stronger Communities (IVR)		
Volunteer Centre Liverpool	-	1
Exeter CVS	-	1
North Devon Voluntary Services Ltd	-	1
	-	3
Volunteering and palliative care research		
Lancaster University	-	14
	-	14

	Total Funds 2015 £'000	Total Funds 2014 £'000
Volunteering in Care Homes		
Voluntary Action Oldham	10	5
South Derbyshire CVS	10	5
Blackburn with Darwen Community and Voluntary Service	10	4
Shropshire RCC	10	4
Volunteer Centre Westminster	5	4
One Westminster	5	-
	50	21
Cultural Commissioning		
Nef Consulting	61	22
Mission Models Money	-	6
New Philanthropy Capital	33	60
Local Government Information Unit	2	1
London Arts in Health Forum	1	-
	96	89
Masterclasses		
Involve Yorkshire & Humber	13	-
NAVCA	7	-
National Council for Voluntary Youth Service	1	-
	21	-
Diana Kurzman legacy	2	-
Total grants and partnership fees paid	198	521

Notes to the financial statements (continued)

For the year ended 31 March 2015

7 Employees

	2015 £'000	2014 £'000
Wages and salaries	4,133	4,038
Social security	397	395
Pension costs	342	367
Redundancy costs	26	38
Temporary staff and staff training	347	328
	5,245	5,166

The average number of employees (FTEs) during the year.

	2015 Number	2014 Number
Generating funds	14	14
Advisory services and information	44	47
Campaigns and communications	23	24
Education and training	6	4
Policy	6	5
Research	12	12
	105	106

Employees earning over £60,000 during the year (excluding pension contributions)

	2015 Number	2014 Number
£70,000–£80,000	-	1
£80,000–£90,000	2	1
£90,000–£100,000	2	1
£120,000–£130,000	-	1
£130,000–£140,000	1	-

Three of the above staff are members of the defined contribution pension scheme (2014:3). None are currently paying contributions into the defined benefit scheme. The pension costs for these employees are £29,000 (2014: £30,000)

In the summer of 2013, NCVO set up an independent Inquiry panel to assist charity trustees in exercising their responsibility for setting the pay of their senior executives. In April 2014, the Inquiry published guidance for trustees on setting pay for senior staff in charities. NCVO complies with this guidance. In addition to the regulatory requirement to publish the number of employees in pay bands over £60,000, we also publish the names, roles and exact remuneration of our senior management team, along with an explanation of how we set salaries for the senior management team and other NCVO staff. These details for 2014/15 are included in the Trustees report, and the current information can be found online at <http://www.ncvo.org.uk/about-us/finances-pay>.

Notes to the financial statements (continued)

For the year ended 31 March 2015

8 Net incoming resources for the year

This is stated after charging:	2015 £'000	2014 £'000
Auditor's remuneration		
- audit fees	22	22
- other	1	3
Depreciation	345	316
Amortisation of goodwill	9	9
Bank charges	9	14
Bank interest		
- on building loan	56	63
Trustees' expenses	9	7

No members of the trustee board received any remuneration during the year. Expenses do not form part of remuneration and are separately disclosed below. Trustees believe that there are adequate systems in place to manage expenses, and that all expenses were incurred in proper pursuit of NCVO's charitable objectives.

In response to the report of the Independent Group on Expenses set up by NCVO and CFG to gather information and evidence on the disclosure of expenses by registered charities in England and Wales, published in February 2010, NCVO has decided to adopt enhanced voluntary disclosure of trustees' and senior management team expenses.

Senior management team expenses by director, together with total trustee and Members' Assembly member expenses, are summarised in the following table. These were incurred in accordance with budget and reflect the significant activity during the period.

	Subsistence £	UK Travel £	Entertaining/ Networking £	Overseas Travel £	Other £	Total claimed 2015 £
Chief Executive's Office	-	5,282	6,249	295	1,385	13,210
Director of Public Policy	314	1,834	1,315	-	25	3,489
Executive Director of Volunteering and Development	399	1,857	137	987	34	3,414
Director of Planning & Resources	-	128	15	-	-	142
Director of Enterprise	45	536	2,163	-	33	2,778
Total	758	9,636	9,880	1,282	1,477	23,032
Trustees	1,295	4,072	3,813	-	-	9,180
Members' Assembly	-	1,911	-	-	-	1,911

In addition to the above, the Chief Executive incurs expenses relating to his membership of the European Economic and Social Committee, which are reimbursed by the European Union.

Travel and subsistence expenses reimbursed to 9 trustees in the period amounted to £9,180 (2014: £7,446), including amounts paid directly by NCVO. Travel and subsistence expenses incurred by other Members' Assembly members amounted to £1,911 (2014: £2,742).

Notes to the financial statements (continued)

For the year ended 31 March 2015

9 Tangible fixed assets (group and charity)

	Freehold Land And Buildings £'000	Plant & Equipment £'000	Computer Equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 April 2014	4,919	829	1,056	1,890	8,694
Additions	1,200	8	218	8	1,434
Disposals	(1,200)	-	-	-	(1,200)
Transfer Upon Completion	-	-	-	-	-
At 31 March 2015	4,919	837	1,274	1,898	8,928
Depreciation					
At 1 April 2014	1,422	61	902	1,123	3,508
Charge for the year	99	40	99	107	345
Disposals	-	-	-	-	-
At 31 March 2015	1,521	101	1,001	1,230	3,853
Net book value					
At 31 March 2014	3,498	768	154	767	5,186
At 31 March 2015	3,398	736	273	668	5,075

Freehold land and property is presented under the historical cost convention and is shown at original cost with an annual depreciation charge. In June 2013 the building was valued at £14.25m on a 15 year sale and leaseback basis.

10 Listed Investments (group and charity)

	Listed £'000	Total £'000
Market Value		
At 1 April 2014	2,003	2,003
Additions	-	-
Disposal proceeds	-	-
Realised losses	-	-
Unrealised investment gains/(losses)	156	156
At 31 March 2015	2,159	2,159
Cost		
At beginning of year	1,721	1,721
At end of year	1,721	1,721
	2015	2014
	£'000	£'000
Being at market value		
Investment assets in the United Kingdom	1,352	1,305
Investment assets outside the United Kingdom	807	698
	2,159	2,003
	2015	2014
The following funds have a value of 5% or greater of the total NCVO portfolio	£'000	£'000
Alpha CIF for Endowments	1,757	1,615
Alpha CIF for Income and Reserves	401	378
Sterling cash	-	-
Other holdings less than 5%	1	10
Total	2,159	2,003

NCVO Trading Limited holds 40% of the shares in CaSE (Charity and Social Enterprise Insurance Management LLP) and 33% of the shares in Trustees Unlimited LLP. CaSE is a collaborative venture delivering tailor-made insurance packages to the voluntary and community sector. Trustees Unlimited LLP provides a search and selection service in respect of trustees and directors including the provision of advice, training and consultancy on governance and other relevant issues. Both joint ventures' accounting reference date is 31 March.

Notes to the financial statements (continued)

For the year ended 31 March 2015

11 Stocks

	Consolidated 2015 £'000	Consolidated 2014 £'000	NCVO 2015 £'000	NCVO 2014 £'000
Publications	13	13	13	13
Stationery	-	2	-	2
	13	15	13	15

12 Debtors

	Consolidated 2015 £'000	Consolidated 2014 £'000	NCVO 2015 £'000	NCVO 2014 £'000
Debtors	1,848	1,310	1,636	1,036
Accrued income	573	706	474	591
Amount due from subsidiary	-	-	1,111	898
Prepayments	158	96	157	96
	2,579	2,112	3,378	2,621

13 Creditors: amounts falling due within one year

	Consolidated 2015 £'000	Consolidated 2014 £'000	NCVO 2015 £'000	NCVO 2014 £'000
Bank loan (secured - see note 14)	128	128	128	128
Taxation and social security	519	249	498	185
Other creditors	520	312	517	301
Accrued Expenditure	407	411	361	362
Deferred Income	1,136	999	1,100	937
	2,710	2,099	2,604	1,913

Deferred Income consists of:

	Consolidated 2015 £'000	Consolidated 2014 £'000	NCVO 2015 £'000	NCVO 2014 £'000
Deferred Income	552	419	516	357
Membership subscriptions	584	580	584	580
	1,136	999	1,100	937

14 Creditors: amounts falling due after more than one year

	Consolidated 2015 £'000	Consolidated 2014 £'000	NCVO 2015 £'000	NCVO 2014 £'000
Membership deferred over 1 year	43	28	43	28
Bank loan (secured)	2,045	2,150	2,045	2,150
	2,088	2,178	2,088	2,178
Analysis of loan repayments				
Within one year	128	128	128	128
Between one and two years	2,045	128	2,045	128
Between two and five years	-	2,022	-	2,022
Balance at 31 March 2015	2,173	2,278	2,173	2,278

NCVO owns the freehold of the building it occupies at Society Building, All Saints Street, London N1 9RL. A loan was taken out with Barclays Bank to fund a building construction project on the same property, which was completed during 2012/13. The loan is secured by legal mortgage over the property. The loan is fully drawn, for a total of £2.3m at rate of (LIBOR +2.050%) for a 5 year renewable term.

15 Operating leases

NCVO has an operating lease with GE Finance since May 2014 for multi-functional devices, which provide photocopying, printing and document scanning facilities.

Annual lease commitments by category	Property £'000	Other £'000	Total £'000
2- 5 years	-	11	11
Total	-	11	11

Notes to the financial statements (continued)

For the year ended 31 March 2015

16 Analysis of net group assets

	Unrestricted General £'000	Unrestricted Designated £'000	Restricted £'000	Total Funds excluding pension fund £'000	Pension Fund £'000	Total £'000
Tangible fixed assets	-	5,075	-	5,075	-	5,075
Investments	2,159	-	-	2,159	-	2,159
Net current assets (excluding loan)	1,812	28	532	2,372	-	2,372
Pension Fund	-	-	-	-	(5,992)	(5,992)
Loan	-	(2,173)	-	(2,173)	-	(2,173)
Total	3,971	2,930	532	7,433	(5,992)	1,441

NCVO's readily realisable reserves of £3.9m are made up of Investments and net current assets and adjusted for loans.

17 Movement in group funds

Designated funds

The funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	Balance 1 April 2014 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net Gains & Losses £'000	Balance 31 Mar 2015 £'000
Fixed Assets	2,857	-	-	45	-	2,902
Property maintenance	28	-	-	-	-	28
Total designated funds	2,885	-	-	45	-	2,930
Unrestricted	2,747	8,523	(7,137)	(336)	174	3,971
Pension Reserves	(3,828)	-	-	296	(2,460)	(5,992)
Total General Funds	1,804	8,523	(7,137)	5	(2,286)	909

The total income figure of £8,523k excludes the actuarial loss of £2,460k referenced in the SOFA. The total income excludes the net investment gain of £156k also referenced in the SOFA.

NCVO has designated resources to two funds, which are discussed briefly below.

• Fixed assets

This fund represents the level of NCVO's reserves invested in fixed assets and is the net tangible fixed assets less loans outstanding (as the loans are used to part finance their acquisitions).

• Property maintenance

NCVO has a 10-year maintenance plan. In order to fund this plan over the long term, a separate designated fund has been developed to ensure sufficient resources are available.

Restricted Funds	Balance 1 April 2014 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net Gains & Losses £'000	Balance 31 March 2015 £'000
NCVO's Charity Evaluation Service: Calouste Gulbenkian Foundation	-	45	(1)	-	-	44
NCVO's Charity Evaluation Service: New Philanthropy Capital	-	8	(2)	-	-	5
NCVO's Charity Evaluation Service: Sylvia Adams	-	15	(6)	-	-	9
NCVO's Charity Evaluation Service: Trust for London	-	3	(2)	-	-	1
PQASSO Wales: Big Lottery Fund	-	156	(91)	-	-	65
Climate Change Unit: City Bridge Trust	20	21	(34)	(7)	-	-
Cultural Commissioning: Arts Council	128	360	(269)	-	-	219
Volunteering in Care Homes: Department of Health	33	171	(195)	-	-	9
Governance: Code	6	-	-	-	-	6
Inspiring Impact Programme: New Philanthropy Capital	-	3	(3)	-	-	-
Compact Voice	1	378	(379)	-	-	-
Local Policy Engagement: Lloyds TSB Foundation for England and Wales	3	44	(40)	-	-	7
Skills and Information Workshops - Ministry of Justice	-	(1)	-	1	-	-
Masterclasses - Office for Civil Society	9	130	(82)	-	-	57
Digital Resources - Office for Civil Society	-	40	(3)	-	-	37
Strengthening the Voluntary Sector's Voice in Welfare Reform: Joseph Rowntree Foundation	-	25	(25)	-	-	-
Social Investment - Office for Civil Society	-	25	(20)	-	-	5
Stronger Communities: BLF	35	-	(6)	(29)	-	-
Stronger Communities: BLF payments to partners	-	-	(29)	29	-	-

Notes to the financial statements (continued)

For the year ended 31 March 2015

Restricted funds (continued)

Balance 1 April 2014	Income	Expenditure	Transfers	Net Gains & Losses	Balance 31 March 2015	Balance 1 April 2014
Stronger Communities: BLF (IVR)	4	35	(39)	-	-	-
IVR Marie Curie: Marie Curie	-	3	(3)	-	-	-
Innovation in Giving: NESTA	-	22	(16)	-	-	6
European Social Fund: Department of Work and Pensions	-	146	(146)	-	-	-
Arab Partnership: Building Bridges: Foreign and Commonwealth Office	-	115	(115)	-	-	-
Civil Society Networking in Egypt: National Endowment for Democracy	-	13	-	-	-	13
EU: What does it mean for You: European Parliament	-	(1)	-	1	-	-
CSiS Charity Fund: Working for a Charity bursaries	6	-	(1)	-	-	5
Leadership (legacy)	8	-	(1)	-	-	7
Various: Plowden Fellowship	40	7	(11)	-	-	36
Other restricted grants and donations under £20,000	2	79	(82)	-	-	0
Total	295	1,842	(1,600)	(5)	-	532

Those areas with restricted funds to be carried forward into 2014/15 are briefly described below.

• NCVO’s Charity Evaluation Service: Calouste Gulbenkian Foundation

Funding for the evaluation of the Campaign to End Loneliness’ work.

• NCVO’s Charity Evaluation Service: New Philanthropy Capital

To support charities through their Inspiring Impact programme.

• NCVO’s Charity Evaluation Service: Sylvia Adams

Funding to provide recipients of grants from Sylvia Adams Charitable Trust with monitoring and evaluation support.

• NCVO’s Charity Evaluation Service: Trust for London

Funding for delivery of outcome and impact measurement training.

• PQASSO Wales: Big Lottery Fund

Funding to adapt and develop the PQASSO quality standard’s materials and tools, and embed sustainable support networks amongst the sector in Wales.

• Cultural Commissioning : Arts Council

3-year programme funded by Arts Council England to:

- Help the arts and cultural sector to better engage in public sector commissioning
- Support public service commissioners to develop awareness of the potential for arts and culture to deliver their outcomes.

• Volunteering in Care Homes: Department of Health

To explore the role that volunteering can play in supporting care homes to improve residents’ quality of life outcomes and strengthen links with their local communities.

• Governance: Code

For the provision of ongoing stewardship of the Code

• Compact Voice:

Compact Voice works to ensure that strong, effective partnerships are at the heart of all relationships between the voluntary sector and government - locally and nationally.

• Local Policy Engagement: Lloyds Bank Foundation for England and Wales

To provide advice and support to frontline voluntary and community organisations to better understand the changing policy landscape.

• Masterclasses: Office for Civil Society

A series of high-level training events to build the capacity of VCSE bodies in developing consortia and working in partnership with private sector providers to deliver public services.

• Digital Resources - Office for Civil Society

To develop and deliver a suite of online tools and products to support the sector across the UK to engage in open public service markets.

• Social Investment - Office for Civil Society

To develop awareness of social investment, in particular the Social Investment Tax Relief, through events and a webinar.

• Innovation in Giving: NESTA

To support innovative proposals that have potential to increase the giving of time, assets, skills, resources and money and support models or infrastructure that support social action in a way that avoids grant dependency.

• Civil Society Networking in Egypt: National Endowment for Democracy

To provide campaigning and networking resources, training and consultancy to the three main civil society groups in Egypt.

• CSiS Charity Fund: Working for a Charity bursaries

To provide bursaries for people who have worked in the public sector who wish to attend Working for a Charity courses in order to transfer their skills to the Voluntary sector.

• Leadership (legacy)

Legacy for leadership (Winifred Tumin) and for music for people with learning difficulties (Diana Kurzman).

• Plowden Fellowship

Fellowship to take up themes of good governance.

• Other Funds

NCVO also manages other charitable funds on behalf of other Trusts through its investment managers, Sarasin and Partners LLP. The total value of the investments, which are held in a separate portfolio, stands at £1.5m. In addition, £279,308 is held in a separate bank account. These funds are excluded from NCVO’s accounts.

Notes to the financial statements (continued)

For the year ended 31 March 2015

18 Reconciliation of net incoming resources for the year to net cash inflow

	2015 £'000	2014 £'000
Net incoming resources for the year	1,628	720
Investment income and interest paid	(6)	6
Depreciation & Goodwill amortisation	354	325
Decrease/(Increase) in stocks	2	34
Decrease/(Increase) in debtors	(467)	(799)
Increase/(decrease) in creditors	626	242
Non cash difference between contributions paid and current service costs less finance income	(296)	(251)
Incoming resources from CES	(1,290)	-
Share of net income from joint ventures	-	(98)
Net cash inflow from operating activities	551	180

Incoming resources from CES following the sale of the building totalled £1,290k cash and (£142k) of assets & liabilities.

19 Gross cash flows

Returns on investments and servicing of finance	2015 £'000	2014 £'000
Interest received	2	-
Interest and bank charges paid	(65)	(77)
Investment income – Dividends	69	71
Investment income and interest paid	6	(6)

20 Analysis of changes in net debt

	At 1 April 2014 £'000	Cash Flows £'000	Other non- cash items £'000	At 31 March 2015 £'000
Cash at bank and in hand	842	1,508	-	2,350
Debt due within one year	(128)	-	-	(128)
Debt due after more than one year	(2,150)	279	(174)	(2,045)
Total net cash funds	(1,436)	1,787	(174)	177

Other Non-cash items

Outstanding CES mortgage of £174k was repaid following the sale of the building and the net funds were transferred to NCVO

21 Defined benefit pension scheme

As explained in note 1(o), the charity operated a defined benefits pension scheme, the assets of which are held separately from the charity. This scheme was closed on 31 March 2011.

	2015 %	2014 %	2013 %	2012 %	2011 %
Rate of increase in salaries	2.0	2.4	3.3	3.1	4.9
Rate of increase in pensions in payment	2.1	2.4	2.4	2.2	2.9
Discount rate	3.1	4.4	4.4	4.8	5.5
Inflation assumption (CPI)	2.0	2.4	2.4	2.2	2.2

	Long term rate of return expected 2015 %	Value 2015 £'000	Long term rate of return expected 2014 %	Value 2014 £'000	Long term rate of return expected 2013 %	Value 2013 £'000	Long term rate of return expected 2012 %	Value 2012 £'000
Equities	7.5	8,007	7.0	7,210	7.3	7,166	8.0	6,497
Bonds	3.7	10,218	3.4	9,044	3.7	8,400	5.1	7,802
Property	6.5	1,351	6.0	1,205	6.3	1,093	7.0	1,035
Cash	0.5	99	0.5	41	0.5	42	0.5	64
Total market value of assets		19,675		17,500		16,701		15,398
Present value of scheme liabilities		(25,667)		(21,328)		(20,037)		(18,066)
(Deficit) in the scheme equalling the net pension liability		(5,992)		(3,828)		(3,336)		(2,668)

Notes to the financial statements (continued)

For the year ended 31 March 2015

21 Defined benefit pension scheme (continued)

Analysis of the amount charged to the statement of financial activities for services costs

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Expenses	109	111	92	83	164
Past service cost	-	-	-	-	-
Total operating charge	109	111	92	83	164

Net finance income credited to staff costs

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Expected return on pension scheme assets	948	848	823	872	867
Interest on pension scheme liabilities	(928)	(872)	(855)	(918)	(904)
Net return	20	(24)	(32)	(46)	(37)
Total	89	135	124	129	201

Analysis of actuarial loss recognised in statement of financial activities

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	1,448	139	701	391	69
Experience gains and losses arising on the scheme liabilities	14	(1,191)	30	-	(645)
Changes in assumptions underlying the present value of scheme liabilities	(3,922)	310	(1,660)	(672)	865
Actual gain / (loss)	(2,460)	(742)	(929)	(281)	289

Movement in deficit during the year

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Surplus/(Deficit) in the scheme at beginning of year	(3,828)	(3,336)	(2,668)	(2,531)	(3,024)
Current service cost	(109)	(111)	(92)	(83)	(164)
Contributions	385	385	385	273	393
Past service costs	-	-	-	-	-
Gains on curtailment*	-	-	-	-	12
Other finance income	20	(24)	(32)	(46)	(37)
Actuarial gain/(loss)	(2,460)	(742)	(929)	(281)	289
(Deficit) in the scheme at end of the year	(5,992)	(3,828)	(3,336)	(2,668)	(2,531)

The curtailment item represents the impact of the scheme closing to accrual at 31 March 2011

History of experience gains and losses

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Difference between the expected and actual return on scheme assets	1,448	139	701	391	69
% of scheme assets	7.4	0.8	4.2	2.5	0.5
Experience gains and losses on scheme liabilities	14	(1,191)	30	-	(645)
% of the present value of scheme liabilities	(0.1)	(5.6)	0.1	-	(3.8)

Changes in the present value of the defined benefit obligation

	Year ending on 31 March 2015 £'000	Year ending on 31 March 2014 £'000
Opening defined benefit obligation	21,328	20,037
Service cost	109	111
Interest cost	928	872
Contributions by employees	-	-
Past service costs - vested benefits	-	-
Past service costs - non-vested benefits	-	-
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Actuarial losses / (gains)	3,908	881
Disbursements	(606)	(573)
Closing defined benefit obligation	25,667	21,328

Notes to the financial statements (continued)

For the year ended 31 March 2015

21 Defined benefit pension scheme (continued)

Changes in the fair value of the scheme assets

	Year ending on 31 March 2015 £'000	Year ending on 31 March 2014 £'000
Opening fair value of the scheme assets	17,500	16,701
Expected return	948	848
Assets distributed on settlements	-	-
Actuarial gains / (losses)	1,448	139
Contributions by employer	385	385
Contributions by employees	-	-
Distributions	(606)	(573)
Closing fair value of the scheme assets	19,675	17,500
Actual Return on Scheme Assets	2,396	987

Assumed life expectations on retirement at age 65 are:

	2015	2014
Pensioners		
Males	88.3	88.1
Females	90.0	90.1
Retiring in 20 years		
Males	90.1	90.3
Females	91.5	92.0

The employer contributions that NCVO is due to pay into the defined benefit scheme during 2014/15 total £385,000.

22 Taxation

NCVO is a registered charity and as such is not liable to tax on its income and gains that meet the tax exemptions. The charity’s trading subsidiary, NCVO Trading Limited, pays its profits to the charity under Gift Aid.

23 Related parties

The charity owns 100% of the issued share capital in NCVO Trading Limited. The results of the trading company are shown in note 24 to the accounts.

As stated in the CAF Trust Deed, the chair of NCVO occupies one trustee position on the board of the Charities Aid Foundation. This position is currently filled by Martyn Lewis CBE.

CaSE (Charity and Social Enterprise Insurance Management LLP) is a related party of NCVO through NCVO Trading Limited’s holding of 40% of its equity. CaSE has been accounted for as a joint venture and consolidated on the SOFA and balance sheet.

NCVO also holds an investment of 33% in Trustees Unlimited LLP, a related party joint venture between NCVO Trading Limited, Russam GMS and Bates Wells Braithwaite, who each hold a third of the shares. This investment was purchased in 2009/10 at a cost of £1k, which was repaid by the LLP during 2010/11.

The wife of Sir Stuart Etherington, chief executive of NCVO, is an equity partner with Bates Wells Braithwaite London LLP, NCVO’s legal advisers. NCVO has a policy in place to avoid any potential conflicts of interest arising by ensuring that that any decision to enter into a new business relationship with Bates Wells Braithwaite is approved by the chair, or in his absence, the deputy chair or honorary treasurer. All significant elements of work involving Bates Wells and Braithwaite are overseen by the director of planning and resources, and reported to the chair and honorary treasurer on a regular basis. Professional fees of £45,400 were paid to Bates Wells Braithwaite during the year for legal advice. NCVO jointly runs its annual Trustee Conference with Bates Wells Braithwaite and is a partner with them in CaSE Charity and Social Enterprise Insurance Management LLP, and Trustees Unlimited LLP.

Notes to the financial statements (continued)

For the year ended 31 March 2015

24 Subsidiary and parent company results

The charity owns 100% of the issued share capital in NCVO Trading Limited. The company made a profit of £1,264k for the year ended 31 March 2015. The investment at cost is £1.

	2015 £'000	2014 £'000
Summary profit and loss account		
Turnover	1,880	1,717
Cost of sales	(566)	(521)
Gross profit	1,314	1,196
Other operating income	-	-
Expenditure	(50)	(44)
Net profit before Gift Aid	1,264	1,152
Gift Aid to NCVO	(1,264)	(1,152)
Summary balance sheet		
Fixed Assets – Investments	145	145
Debtors	275	355
Cash at bank and in-hand	760	550
	1,180	905
Creditors: amounts falling due within one year	(1,180)	(1,050)
Creditors: amounts falling due after one year	-	-
Net assets	-	-

25 Transfer of net assets from Charities Evaluation Services

On 1 November 2014 Charities Evaluation Services transferred all the operations, assets & liabilities to NCVO Group for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities were valued at fair value and recognised in the balance sheet under the appropriate headings, with the

corresponding net amount recognised as net income in the consolidated statement of financial activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred, and an analysis of their recognition in the statement of financial activities:

	Unrestricted funds £'000	Restricted funds £'000	Fair Value adjustment £'000	Total £'000
Assets	708	-	504	1,212
Stock	2	-	-	2
Debtors and accrued income	84	-	-	84
Cash at bank and in-hand	214	50	-	264
Creditors and accruals	(414)	-	-	(414)
Net assets transferred on 01 November 2014	594	50	504	1,148

A fair value adjustment of £504k was made to the book value of assets recorded within CES immediately prior to the transfer in respect of the property, which was previously held at a book value of £696k. The property was sold on 4 February 2015 for £1,200k.

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**CHAMPIONING
VOLUNTARY
ACTION**

NCVO

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225922

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