

# ANNUAL REPORT AND ACCOUNTS 2015/16

National Council for  
Voluntary Organisations

# REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

Sir Martyn Lewis CBE

#### Vice-chair:

Julian Mason  
Resigned 19 June 2015

#### Vice-chair:

Matt Hyde  
Appointed 19 June 2015

#### Honorary Treasurer

Bruce Gordon

#### Trustees

Andy Cook  
Appointed 16 November 2015

Sir Ciarán Devane  
Resigned 16 November 2015

Jenny Field

Chris Freed

Anne Heal  
Appointed 16 November 2015

Fazilet Hadi

Richard Leaman CE OBE

Julian Mason  
Resigned 14 July 2015

Jonathan Moore  
Resigned 16 November 2015

Natasha Mort

Chris Wade

Sally Young

### AUDIT AND RISK COMMITTEE

#### Chair

Sarah Morrison (independent)

#### Trustees

Bruce Gordon

Fazilet Hadi

Chris Wade

#### Independents

Anna Bennett

David Howley  
Appointed 20 July 2015

### NOMINATIONS COMMITTEE

#### Chair

Sir Martyn Lewis CBE (trustee)

#### Trustees

Bruce Gordon

Matt Hyde  
Appointed 19 June 2015

Julian Mason  
Resigned 19 June 2015

Jonathan Moore  
Resigned 16 November 2015

Sally Young

#### Independents

Jo Ash CBE

Dominic Fox

Lynne Regan

### HR AND REMUNERATION COMMITTEE

#### Chair

Dame Julia Cleverdon DCVO,  
CBE (independent)  
Appointed 6 June 2015

Sir Martyn Lewis CBE

Bruce Gordon

Julian Mason  
Resigned 19 June 2015

#### Independents

Wendy Blake Ranken

Ann Cummins

### CHIEF EXECUTIVE

Sir Stuart Etherington

### SENIOR MANAGEMENT TEAM

Susan Cordingley

Dr Justin Davis Smith CBE

Coral Newton  
Resigned 30 April 2015

Sarah Welsh  
Resigned 5 June 2015

Richard Williams

Dr Karl Wilding

### COMPANY SECRETARY

Sarah Welsh  
Resigned 5 June 2015

Louise Parr-Morley  
Appointed 5 June 2015  
Resigned 4 September 2015

Susan Cordingley  
Appointed 18 September 2015

### MEMBERS' ASSEMBLY

The purpose of the Assembly is to enable a wider member base to contribute to the development of public policy at NCVO. It allows members to contribute to the development of new and emerging thinking on public policy and is made up of up to 50 elected members but meetings are open to all members.

### AUDITORS

BDO LLP  
2nd Floor, 2 City Place, Beehive Ring Road, Gatwick,  
West Sussex RH6 0PA

### 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

## Welcome to NCVO's annual report for 2015/16.

**If you were to ask many in the voluntary sector to sum up this year, they would respond that it was one of great difficulty, characterised by media scrutiny – most fair, some not – on a scale unprecedented for charities.**

And they would be right. We have faced many challenges in this year. But I think it is important that, while we rightly acted to deal with them promptly and with integrity, we do not allow them to obscure our view of the outstanding work done by the voluntary sector in this country.

There are, as we know, many thousands of charities around the country, each doing valuable, sometimes vital work. Very few of them found themselves on the front pages for the wrong reasons. Yet it is in the interests of all charities that we have dedicated so much time this year to securing and defending the sector's reputation.

I believe the new fundraising regulatory regime, proposed in a review chaired by NCVO's chief executive, Sir Stuart Etherington, will help ensure high standards so that we can avoid some of those problems which have arisen. Since the review, NCVO has continued to dedicate substantial resource to these matters, providing the secretariat for working groups on both the proposed Fundraising Preference Service and the implications for charities of a move to a requirement for unambiguous consent in data use.

Alongside this high-profile influencing work, we continued our day-to-day support for members, responding to thousands of support and advice requests from smaller voluntary organisations, most commonly in the areas of governance and volunteer management.

This is my last year as chair of NCVO. It has been a most rewarding six years. NCVO has gone from strength to strength, though we have faced challenges, just as the sector has more widely. These have required us to adapt constantly to changing circumstances. This, I think, is much of the future for the voluntary sector, though such an environment brings opportunities as well as challenges.



This year, we saw a number of projects come to a close, and we restructured NCVO as a consequence. Those projects, the largest of them being Big Assist, have made a considerable contribution to our support to and advocacy for the voluntary sector, and I would like to take this opportunity to thank all the staff who left NCVO having worked so hard on behalf of our members. In particular I would like to thank Justin Davis Smith, who left NCVO to take up a role at City University's Centre for Charity Effectiveness, from where he will continue to be closely involved with NCVO, providing his unparalleled expertise on volunteering matters.

More than anything, it has been a great pleasure and honour to meet so many people who have dedicated their lives to doing good. Attending NCVO events and visiting our members, I have been struck at every turn by the remarkable commitment of so many of those I have met. I am glad that we have been able to play just a small part in providing the advice, support and representation that they need in order to help them make the difference they do.

I wish Peter Kellner, chair elect, who I hope will be endorsed at the AGM in November, the best of luck as my successor as chair. I will continue to take a keen interest in NCVO, and do all I can to support both it and the sector more widely.

**Martyn Lewis CBE**  
Chair  
September 2016



NCVO HAS GONE FROM STRENGTH TO STRENGTH,  
THOUGH WE HAVE FACED CHALLENGES, JUST AS  
THE SECTOR HAS MORE WIDELY.



Volunteers see the Duke  
of Burgundy for the first time  
Steyning Downland Scheme  
NCVO member since 2015

There are many thousands  
of charities around the  
country, each doing valuable,  
sometimes vital work.





**The trustee board presents its annual report (incorporating the strategic report) and the audited financial statements for the year ended 31 March 2016.**

The legal and administrative information set out on pages 5 to 6 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Charities' SORP (FRS 102).

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 AGM 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. 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 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.

# STRUCTURE, GOVERNANCE AND MANAGEMENT





Joy  
Thornbury and District Stroke Group  
NCVO member since 1994

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

This 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

This includes membership, events, enterprise development, fundraising and marketing, consultancy and training.

#### Volunteering and development

This provides 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

This 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 AT 31 MARCH 2016 COMPRISED:

#### 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

Susan Cordingley

Susan Cordingley was also the company secretary.

#### 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.



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.



# OBJECTIVES AND ACTIVITIES

**NCVO champions and strengthens volunteering and civil society, with over 12,000 members ranging from the largest charities to the smallest community organisations. There are thousands of voluntary sector organisations in the UK. There are millions of volunteers. Every day, people across the country give their time, energy and money.**

For over 90 years, NCVO has brought the voluntary sector's people together to solve problems, address root causes and inspire each other. We know the power of the voluntary sector and volunteering. No one organisation can solve society's challenges alone, but collectively we're all vital for sustaining society in times of challenge and change. That's why – inspired and empowered by our members – we support and celebrate volunteering in all its diversity and champion and strengthen the voluntary sector by making sure that it can continue to do what it does best and that government knows its true value.

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.



**New Classroom Chicks**  
From Generation 1 to Generation  
NCVO member since 2008



FOR OVER 90 YEARS, NCVO HAS BROUGHT THE VOLUNTARY SECTOR'S PEOPLE TOGETHER TO SOLVE PROBLEMS, ADDRESS ROOT CAUSES AND INSPIRE EACH OTHER.

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](http://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.





Rupa, Neetu and Ritu  
Light Inc  
NCVO member since 2016

This was the second year of our five-year strategic plan. The following sections summarise some of our key achievements during 2015/16 against each of NCVO's five strategic aims.

# ACHIEVEMENTS AND PERFORMANCE



# Aim 1

## We will champion volunteering and the voluntary sector

**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.**

In a year characterised by a significant increase in public, parliamentary and media scrutiny of charities, we were reminded that charities are not immune to public scrutiny of institutions.

NCVO staff regularly represented the sector in the print and broadcast media, and we responded to challenging questions in relation to a number of issues including **fundraising, senior salaries and governance**. Our message to a concerned public was that bad practice was wrong but limited to a small proportion of the sector. In the case of fundraising self-regulation, we took action to ensure the public could be confident that charities were listening to its concerns by providing the secretariat for the **review of fundraising self-regulation**. A cross-party panel of peers led by Sir Stuart Etherington set out proposals for a new structure for fundraising regulation, which were endorsed by the government, with implementation already underway. We supported subsequent working groups that explored how voluntary organisations should respond to **new EU rules around data protection** and how a **fundraising preference service** might be established.

We also championed the difference made by voluntary organisations and highlighted their role as organisations that exist for the public benefit. **Constructive Voices** was launched to connect journalists with the solutions to everyday problems that our sector so often creates. Similarly, the **Compact Awards**, **Winifred Tumim Memorial Prize** and the **NCVO/PhotoVoice photography competition** all highlighted the best about our sector and

volunteering.

The UK Civil Society Almanac once again provided the benchmark for anyone wishing to comment on trends. In collaboration with Lloyds Bank Foundation, we supplemented our analysis of **small and medium-sized charities**. Supported by an enhanced **data.ncvo.org.uk** website, the Almanac is evolving into our vision of a full-blown data platform for the voluntary sector. The digital-first Almanac will help stakeholders better understand the modern voluntary sector and volunteering, while helping us to answer calls for greater transparency and accountability.

In the run up to the general election of May 2015, we argued in our **manifesto** that voluntary organisations and volunteering can make a bigger difference to our society. We have championed the sector and volunteering in parliament and to government, focusing on the importance of advocacy and campaigning. We led work against the introduction of **'anti-advocacy' clauses** in government grants and contributed to the Hodgson review of the Lobbying Act. We responded robustly to the Charity Commission's ongoing work around the **regulation of campaigning**, including the development of guidance for charities in relation to the **EU referendum**. We acted as secretariat for a major cross-sector review which champions the role of voluntary organisations and volunteers in the health and care sector.

We continue to press for change where we believe proposals negatively impact on the voluntary sector or volunteering. With our partners, we successfully argued against diverting **lottery funds** away from the Big Lottery Fund, and then later against the removal of **business rates relief** for charities ahead of the March 2016 budget.

# 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.**

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.

Our commercial masterclass programme continued to be extremely popular, with hundreds of small and medium-sized charities taking part in a variety of one- and two-day courses. Our A Day in the Life programme has continued to provide an opportunity for staff from hundreds of charities to champion their work with civil servants and pick up valuable insights on how to work with government. We have fully refreshed the commissioning and procurement pages on NCVO Knowhow Nonprofit to support voluntary organisations bidding for public services.

The year saw the final phase of the Big Assist programme which enabled NCVO to deliver support to hundreds of local infrastructure organisations. We also continued to help voluntary organisations find funders via the Funding Central website which had over 98,000 registered users at the end of the year. In anticipation of the end of Cabinet Office funding, we began developing plans for turning Funding Central into a self-sustaining platform. The survey of Funding Central users in February 2015 found 85% of respondents satisfied or very satisfied with the service.

Through our joint venture with Trustees Unlimited we continued to develop our Step on Board programme. Working with four major corporates, we have now successfully placed over 65 senior executives on voluntary organisations' trustee boards. Feedback from all stakeholders has been incredibly positive and we are in discussions with a number of new clients who hope to work with us in the coming year. This unique programme promotes better understanding of the work of voluntary organisations in the corporate sector, improves access to business, commercial and digital skills for voluntary organisations' trustee boards and enhances the life skills and career prospects of the individuals involved.

We continued to develop our portfolio of quality standards which aim to improve the effectiveness and efficiency of those organisations using them. We completed a review of the PQASSO standard and began developing an online version, which will be launched next year. We also continued our work in Wales, a project funded by Big Lottery Fund Wales, to increase awareness and uptake of the PQASSO quality mark.

We continue to engage new business partners; aggregating our members' buying power to help them reduce costs, embrace rapidly changing technology and develop new ways to become more sustainable. During the year we launched new partnerships with Ella Forums on leadership development, GRANTfinder from Idox and a foreign exchange service from Global Currency Exchange Network.



## Aim 3

### We will grow and enhance volunteering, wherever it takes place

**We believe that, more than ever, volunteering is integral to the wellbeing of our society and to the sustainability of organisations, whether public, private or voluntary. This year we worked with our partners to offer practical advice, support and accreditation, share our learning from research and evaluation, and develop a shared vision for volunteering, wherever it takes place.**

Developing the evidence base for volunteering is fundamental to our policy and practice. NCVO's **Institute for Volunteering Research** has worked with many organisations to develop our understanding of how volunteering can make a bigger impact, including Amnesty International, Crimestoppers and Sport England. We continue to work with statutory bodies to identify where volunteers and voluntary organisations can deliver better outcomes for public service users. Our **Volunteering in Care Homes** project further strengthened our evidence around what works and will help to widen the involvement of volunteers through the good practice guidance it generated.

Our policy and practice work has been strengthened through our work with the **National Volunteering Forums**, where organisations from all sectors met to discuss issues such as **employer supported volunteering**. We fed the insights from the forum and our work with the Chartered Institute of Personnel and Development into discussions with the Department for Business, Innovation and Skills, the Cabinet Office and other key stakeholders, enabling us to represent the sector in the development of this and other volunteering policy issues, such as proposals for three days' annual volunteering leave in larger public and private sector organisations.

We continue to share our insights around the state of volunteering via our **blogs and monthly updates**, which generate significant interest and high subscriber levels.

Evidence from our accreditation work and research and insight from our work to convene volunteer-involving organisations have enabled us to provide high-quality **practical training and support** for volunteer managers. We provided free, one-to-one support, responding to over 700 phone queries, plus developed seven new training courses, all of which received excellent feedback. As we become a 'digital-first' organisation we will shift more of our support online, building on our first **Studyzone** course on how to create the perfect volunteering role.

At a time when more organisations asked us how we can help them to show what difference their volunteers make, we produced a new edition of the **Volunteering Impact Assessment Toolkit**. Our **quality standards** including Investing in Volunteers (IiV) and Volunteer Centre Quality Accreditation (VCQA) gave organisations the confidence that they were managing volunteer roles effectively, while assuring stakeholders that volunteer-involving organisations, including volunteer centres, were the partners of choice. We were particularly pleased to incorporate standards around mentoring and befriending into our work.

## Aim 4

### We will connect people and organisations

**We want to put our networks at the heart of everything that we do, connecting organisations with the people, partners and resources they need to make the biggest difference.**

We continued to strengthen our membership base and networks throughout the voluntary sector and were delighted when Home-Start Oldham, Stockport and Tameside became our 12,000th member during the year and were able to join us as our guests at NCVO's annual conference in April 2016. By the end of the year we had 12,200 organisations in membership, an increase of 700 over the course of the year, with a retention rate of 93%.

We aimed to promote **easier collaboration and sharing**. We think organisations face fewer barriers and make a bigger difference when they share knowledge, skills and assets with each other, and we want to help them do that.

We continued to support people in the voluntary sector to share their expertise and experiences, through user-generated content on NCVO Knowhow Nonprofit. Our popular how-to platform now has over 300 guides. We also shared 25 new case studies on topics including changing business models and innovations in service delivery. We developed and launched a new online group's platform as a space for people in the voluntary sector to network, share, collaborate and learn from each other. This complements our face-to-face events and training programme.

We ran a packed events programme, bringing people together from across the sector to learn together and from each other. The diverse programme included large conferences such as our annual conference and trustee conference, as well as specialist conferences such as our campaigns and HR conferences, structured certificate

learning programmes and one-day training events.

We think voluntary organisations and volunteers are better when they are connected to the resources they need to make a difference – knowledge and data, people and skills, community assets, finance and funding. To give them **quicker, easier access to the right resources** and as part of our continuing aim to make it easy for people to build relationships with us, we supported our staff to use social media and other digital channels to curate content and connect people in the voluntary sector with the knowledge they need. We made use of our new CRM system to track our relationships with people and target our communications to better meet their needs.

Good governance is increasingly important, with a greater focus on fundraising, transparency and data security. There has been a high level of interest in our online governance discussion forums and blogs highlighting our members' continued interest in developing and improving their governance structures and skills.

Our online engagement and our events and meetings programme contribute to our aim to create a **more engaged NCVO**, making it easy for people to build personal relationships with us, get to know us well and participate in our work. We continued to hold **Members' Assembly** meetings across the country, with events in Southampton, Newcastle, Manchester, Birmingham and London. These were free events open to all members in that area, focusing on current policy initiatives and providing a useful mechanism for engaging and consulting members on developing policy issues.

# Aim 5

## We will be a sustainable and socially responsible organisation

**We aim to create a financially sustainable organisation, ready and able to represent and support our members for the long term. We also aim to be a good employer and a learning organisation in which people can grow.**

We continue to increase our unrestricted income and to become more financially sustainable and independent through diversification. The proportion of unrestricted income increased to 86% of total income (82% 2015) and income from trading activities was up 10% on the previous year. Our conference facilities continue to grow while also retaining their excellent customer satisfaction ratings, with over 99% of customers saying they would be happy to recommend us to others.

Funding for a number of major, time-limited projects that we ran came to an end, including Big Assist, Volunteering in Care Homes and the VCSE Health Review. As a result of the closure of these projects and the end of the financial contributions they made to NCVO's core costs, we chose to restructure NCVO, taking effect at the start of the 2016/17 financial year. Following a redundancy process, a total of 12 staff left NCVO, predominantly those working on these projects. Our total headcount came down to 101 going into the new financial year. Under the new structure, NCVO has three departments: public policy and volunteering; enterprise and development; and planning and resources. In restructuring, we acted to ensure our future sustainability following the end of these projects to enable us to operate on a breakeven basis year on year.

While we continue to manage our ongoing operating costs at a sustainable level, we have also continued to invest our reserves in one-off developments that meet our strategic aims and secure NCVO's future.

During the year we: invested in the strategic development of our quality standards, including PQASSO; continued our investment in increasing our staff's digital skills and in enabling our staff to work in a more flexible and agile way; and supported the development of Funding Central to enable it to launch as a paid-for service in 2016/17.

We continued to invest in our staff. NCVO employees have benefitted from over 200 days of formal training with NCVO investing over £37,000 in these development opportunities. In addition, staff have benefited from informal learning from one another, attended NCVO-run training and enhanced their digital skills through our popular in-house Learning Lab programme. All staff have the opportunity to take up to a week off as volunteering leave each year. Towards the end of 2015/16 we consulted all staff on a new 'people strategy' for NCVO, which identified the type of skills, behaviours and culture we aspire to. We will begin work on implementing this during 2016/17. As part of our commitment to be an environmentally and socially responsible employer we continued to be a living wage employer, which means we require agencies supplying us with temporary staff to also pay the living wage.

During the year, our solar panels generated 20,000kwh of energy. We operate a zero-to-landfill policy and achieved a 67% recycling rate, saving the equivalent of 163 trees and offsetting 22 tonnes of carbon dioxide. All our food waste is sent for anaerobic digestion, producing biogas and bio fertiliser. In our popular conference suite, all disposable plates, cutlery and glasses are compostable, and mains-fed water filtration machines avoid the environmental costs associated with bottled water.



Renewable Energy, Solar & Wind  
10:10  
NCVO member since 2012

During the year,  
our solar panels generated  
20,000kwh of energy.



Woolston Youth/DofE  
Centre NCVO member since 2016

NCVO has three departments:  
public policy and volunteering;  
enterprise and development;  
and planning and resources.



# FINANCIAL REVIEW

## Income

Total income of £9.3m was a £1.1m reduction on the preceding year (£10.4m), which is directly related to one-off income of £1.1m from NCVO's merger with Charities Evaluation Services (CES) in 2015.

We continued to receive income from a diverse range of sources. Income from donations and legacies amounted to £1.6m, similar to the preceding year. The majority of this was received from Charities Aid Foundation (CAF) amounting to £1.5m (£1.5m 2015). Income from charitable activities was slightly down on the previous year, reflecting a £0.5m reduction in restricted grants. This was compensated for by a growth in self-generated income from membership subscriptions, conference delegate fees and charitable purpose contracts, which increased by £0.2m. Income from trading activities increased by 10% to £2.9m (£2.6m 2015), reflecting increased growth in both conference suite income and fees for services provided.

## Expenditure

Expenditure increased to £9.5m (£8.9m 2015), reflecting planned expenditure from reserves on a number of strategic developments. This included expenditure on the development of our portfolio of quality standards, further investment in our CRM system and increasing the digital skills of our staff to enable NCVO to improve the reach and range of

services we can provide in the future. We also invested in the Funding Central website, in anticipation of the end of Cabinet Office funding in March 2016, to enable it to develop into a sustainable, paid-for service in subsequent years.

Staff costs were £6m, an increase of £0.6m from the preceding year. This reflects a slight increase in average staff numbers which were 109 during the year compared with 105 in 2015, additional temporary staff and training costs and increased redundancy costs as detailed in note 7.

## Funds

Net expenditure of £0.3m for the year included an unrealised loss on investments of £0.1m. The actuarial gain on the defined pension scheme of £1.6m (actuarial loss £2.2m 2015) resulted in a net increase in funds of £1.3m and total funds at the end of the year of £2.6m (£1.3m 2015). Trustees agreed to establish a designated fund of £0.4m to fund NCVO's centenary celebrations in 2019, to highlight the crucial role of charities and volunteering in shaping our society over the past 100 years.



*You're not from here, but please try to understand...*  
ShelterBox Trust  
NCVO member since 2014

## Balance sheet

Fixed assets includes the value of Society Buildings as £3.3m under the historical cost convention, being the original cost plus the cost of subsequent 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. At the end of the year there was an outstanding bank loan of £2.1m secured on the building. The loan, taken out in 2011, has a 20-year maturity with a five-year break in July 2016 and was renegotiated pre year end for a further renewable term of five years.

NCVO's defined benefit pension scheme was closed to future accrual on 31 March 2011. Following the September 2013 triannual valuation, a 12-year deficit recovery plan was agreed with Pensions Trust in 2014 and the annual contribution increased to £0.5m in April 2015. The liability in respect of the defined pension scheme is recognised on the balance sheet at the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date and has been calculated by an independent, qualified actuary in accordance with Financial Reporting Standard 102 (FRS 102). This valuation at 31 March 2016 resulted in a liability of £4.2m (£6m 2015) being recognised on the balance sheet, a reduction of £1.8m. The current market value of the building more than covers the current pension deficit.

## Future financial planning

A number of large-scale, time-limited projects came to an end during the year including Big Assist, European Social Fund, Volunteering in Care Homes and VCSE Health Review. Funding for these contributed to NCVO's core costs and to ensure we remain operationally sustainable in future, we restructured the organisation at the end of the financial year. This involved reducing the departments from four to three. Eighteen staff were put on notice of redundancy and twelve staff were made redundant, reducing the headcount to just over 100 staff at the beginning of the new financial year. These changes ensure NCVO continues to remain financially sustainable for the foreseeable future.



Investments

During the year to 31 March 2016 NCVO’s investment portfolio was managed by Sarasin and Partners. The investment objective was 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 the investment policy was 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.

The unrealised investment loss during the year amounted to £128,000, or 6% of the value of holdings. This is recorded in the net investment gains and losses section of the SOFA.

Subsequent to the year end, and following a tendering process, NCVO moved its investment portfolio to UBS to enable a more transparent investment strategy that better ensures we meet our ethical and social investment objectives. NCVO supports the UN Principles for Responsible Investment.

NCVO Trading Limited, a wholly owned subsidiary of NCVO, holds a 40% share in Charity and Social Enterprise Insurance Management LLP (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 LLP have been accounted for as associates and included in the consolidated SOFA and balance sheet using the equity method.

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 2016, the reserves policy was reviewed, and, based on the risk analysis, a readily realisable reserves figure (ie the amount of unrestricted reserves after making allowance for restricted and designated funds as set out in note 16) of £2.3m was agreed to be necessary. The current level of readily realisable reserves is comfortably above this level and the trustees have approved a planned programme of investments from reserves over the next two years which will close this gap.

At 31 March 2016, NCVO’s readily realisable reserves were as follows:

	31 March 2016 £'000	31 March 2015 £'000
Investments	1,728	2,159
Other working capital	(393)	(673)
Bank accounts	1,813	2,350
<b>Total readily realisable reserves</b>	<b>3,148</b>	<b>3,836</b>

Designated funds (note 17) include a fixed asset fund, which represents funds that can only be realised on disposal of the fixed assets and a centenary fund, which will be spent over the next three years on a programme celebrating NCVO’s centenary in 2019.

Grant-making policy

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

THE TRUSTEES ASSESS THE  
REQUIRED LEVEL OF  
RESERVES ON AN ANNUAL  
BASIS, ALONGSIDE THE  
OPERATING BUDGET.

POLICIES



# REMUNERATION STATEMENT



STAFF PAY IS REVIEWED BY THE SENIOR MANAGEMENT TEAM AND NEGOTIATED ON BEHALF OF STAFF BY NCVO'S RECOGNISED UNION, UNITE

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 inflation, sector pay settlements 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. Recruiting staff can be disruptive and expensive, especially as many of our staff have detailed knowledge that is unique to them in the organisation and cannot be quickly replaced. There is a balance to be struck, as we also recognise that we are a small organisation and accept that some staff will leave when they have inevitably outgrown us. Our staff pay scales are set with these factors 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, ie 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, ie 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 A LONDON LIVING WAGE-ACCREDITED EMPLOYER, MEANING ALL OUR STAFF AND CONTRACTORS ARE PAID AT LEAST THE LONDON LIVING WAGE





### (iii) Current senior pay levels

Name	Title	Annual salary, 2015/16	Pension contributions, 2015/16	Total remuneration, 2015/16 <sup>(1)</sup>	Annual salary, 2016/17
Sir Stuart Etherington	Chief Executive	£133,244	£0	£133,244	£135,909
Susan Cordingley <sup>(2)</sup>	Director of Planning and Resources	£55,079	£4,269	£59,348	£86,389
Dr Justin Davis Smith <sup>(4)</sup>	Executive Director of Volunteering and Development	£94,487	£9,239	£103,726 <sup>(5)</sup>	£0
Coral Newton <sup>(3)</sup>	Director of Planning and Resources	£5,353	£448	£5,801	£0
Sarah Welsh <sup>(3)</sup>	Director of Planning and Resources	£10,587	£900	£11,487	£0
Dr Karl Wilding	Director of Public Policy	£84,695	£7,199	£91,894	£86,389
Richard Williams	Director of Enterprise	£84,695	£7,199	£91,894	£86,389

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

2. Susan Cordingley joined NCVO as director of planning and resources on 21 July 2015, initially working three days a week and joining us full time from 7 September 2015.

3. At the beginning of 2015/16 the director of planning and resources role was shared between two staff in a job-share arrangement, with each working three days a week. Coral Newton left NCVO on 30 April 2015 and Sarah Welsh left NCVO on 5 June 2015.

4. Justin Davis Smith joined NCVO as part of our merger with Volunteering England which legally took effect on 1 January 2013. Like all Volunteering England staff, his salary was protected under TUPE rules.

5. Justin's post was made redundant as part of the restructure and he left NCVO on 31 March 2016. Details of his redundancy in addition to his remuneration are provided in note 7.

### (iv) Pay ratio

The ratio of our highest salary (£135,909) to our median salary (£38,771) is 3.5:1

### (v) Pay awards

While they are separately determined, annual pay awards for the chief executive, directors and staff have always been at the same percentage level.

Since 2011, both the senior management team and staff have received an annual 2% pay award.

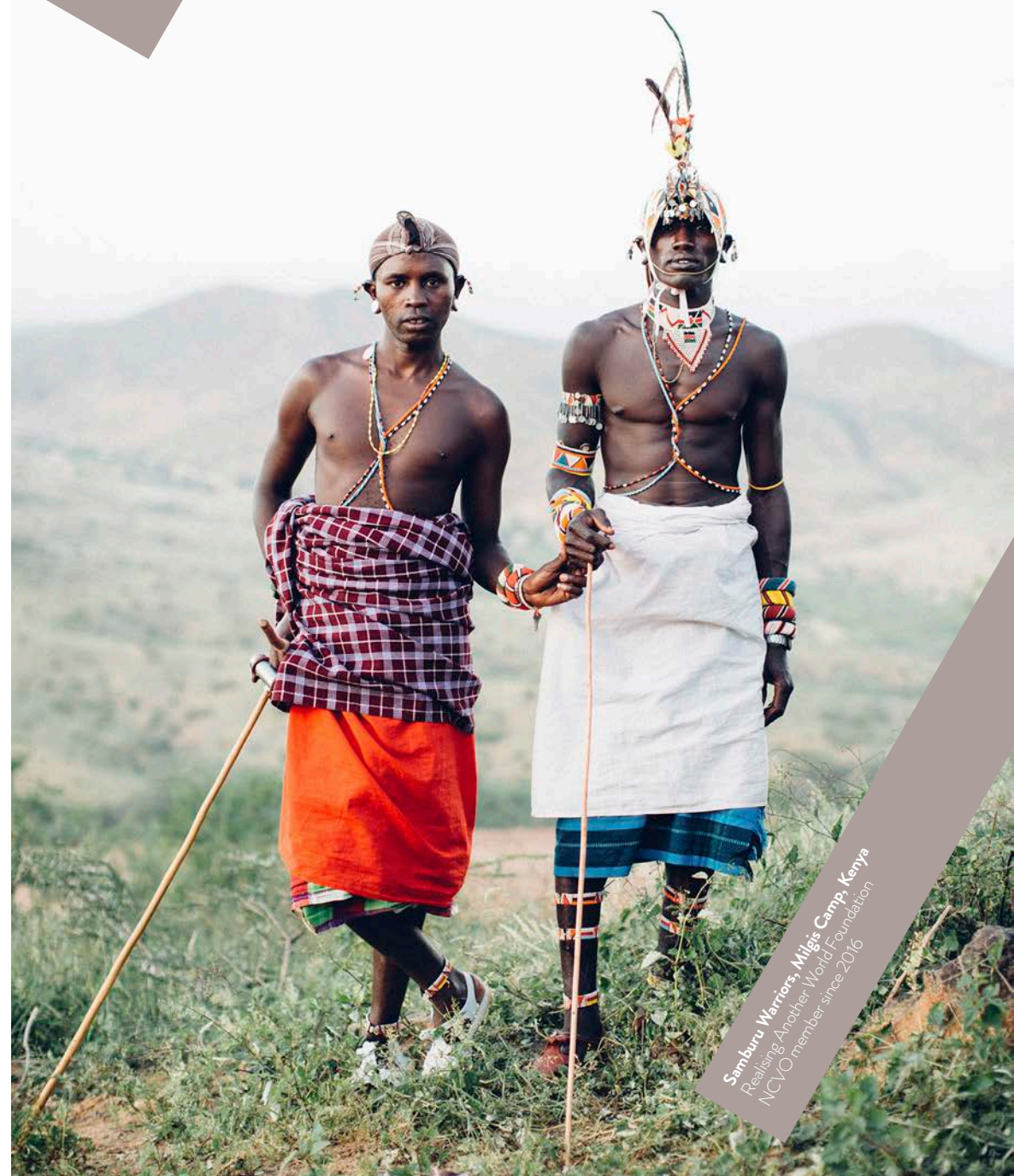


# FUTURE PLANS

**We published our strategic plan in March 2014, setting out our plans for the five years to 2019. The vision, mission, values and strategic aims set out in that five year plan remain.**

Our priorities for 2016/17, which is the third year of the five-year strategic plan, include protecting and enhancing the charity sector's reputation, while promoting the value of charities' involvement in public policy making. We aim to use our expertise to shape the funding environment for charities in fundraising, tax and procurement policy. We will work with stakeholders of all kinds to put sustainable, impactful volunteering at the heart of both policy and practice. We will develop NCVO's services to meet user needs, with the aim of connecting members to the people, funding, data or advice that they need in order to make a bigger difference.

At the time of writing, it is too early to know the implications of the Brexit vote for the voluntary sector but NCVO will work with members and the wider sector to assess the implications and identify and champion appropriate responses and mechanisms for engagement.



**Samburu Warriors, Migis Camp, Kenya**  
Realising Another World Foundation  
NCVO member since 2016



**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, including blogs and social 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.

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.

**THE RISK-MANAGEMENT STRATEGY FORMS PART OF THE PLANNING PROCESS, AGAINST WHICH THE TRUSTEES REVIEW PROGRESS FORMALLY EVERY YEAR.**

# 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. 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 year end there were 12,200 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 16 November 2015.

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

Approved by the trustee board and signed on their behalf.

**Martyn Lewis CBE**  
Chair  
16 September 2016

We have audited the financial statements of the National Council for Voluntary Organisations for the year ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group and Charity 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'the Financial Reporting Standard for UK and Ireland'.

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 charity 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](http://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 charity's affairs as at 31 March 2016, 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 United Kingdom Generally Accepted Accounting Practice; and
- 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 charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Don Bawtree

Senior Statutory Auditor  
for and on behalf of BDO LLP, Statutory Auditor  
Gatwick  
United Kingdom  
16 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (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 2016

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
<b>Income from</b>					
Donations and legacies	2	1,612	37	1,649	1,611
Charitable activities:	3				
Membership subscriptions		973	-	973	960
Advisory services and information		1,402	987	2,389	2,552
Campaigns and communications		16	70	86	297
Education and training		814	15	829	672
Policy		10	1	11	73
Research		127	205	332	367
Other trading activities	4	2,866	-	2,866	2,614
Investments	5	76	-	76	71
Other:					
Incoming resources from merger		123	-	123	1,148
<b>Total</b>		<b>8,019</b>	<b>1,315</b>	<b>9,334</b>	<b>10,365</b>
<b>Expenditure on:</b>	6				
Raising funds		1,164	-	1,164	1,117
Charitable expenditure					
Advisory services and information		3,395	1,092	4,487	4,089
Campaigns and communications		1,350	82	1,432	1,608
Education and training		1,077	104	1,181	833
Policy		353	6	359	345
Research		583	196	779	807
Other:					
Merger and accessibility improvements		40	25	65	97
Centenary development		-	-	-	5
Strategic development of quality marks		45	-	45	19
Theory of change		1	-	1	-
<b>Total</b>		<b>8,008</b>	<b>1,505</b>	<b>9,513</b>	<b>8,920</b>

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Net income/(expenditure) before investment gains/(losses)		11	(190)	(179)	1,445
Net (losses)/gain on investment	10	(128)	-	(128)	156
<b>Net income/(expenditure)</b>		<b>(117)</b>	<b>(190)</b>	<b>(307)</b>	<b>1,601</b>
Transfers between funds	17	-	-	-	-
		(117)	(190)	(307)	1,601
<b>Other recognised gains/(losses)</b>					
Share of operating profit of joint ventures		31	-	31	18
Actuarial gain/(loss) on defined benefit scheme	20	1,578	-	1,578	(2,277)
<b>Net movement in funds</b>		<b>1,492</b>	<b>(190)</b>	<b>1,302</b>	<b>(658)</b>
Total funds at 1 April 2015		774	532	1,306	1,964
<b>Total funds at 31 March 2016</b>	<b>17</b>	<b>2,266</b>	<b>342</b>	<b>2,608</b>	<b>1,306</b>

# Statement of Financial Activities for the Group and Charity (continued)

For the year ended 31 March 2016

The statement of financial activities (SOFA) includes all gains and losses recognised in the year. Disclosure of the split of 2015 comparatives is shown in the notes to the accounts. Total unrestricted income was £8,019,000 (£8,573,000 2015) and total unrestricted expenditure was £8,008,000 (£7,320,000 2015). Movements in funds are disclosed in note 17 to the financial statements. The net movement in funds includes £128,000 of unrealised investment losses. Net realised expenditure for the year was £179,000 (2015: net realised income £1,445,000).

Summarised results for the parent company are as follows:

	2016 £'000	2015 £'000
Total income	8,752	9,746
Total expenditure (including gains/losses on investment)	(7,417)	(10,645)
Net income/(expenditure)	1,335	(899)



## Group and charity balance sheet

As at 31 March 2016

	Notes	Consolidated 2016 £'000	Consolidated 2015 £'000	NCVO 2016 £'000	NCVO 2015 £'000
<b>Fixed assets</b>					
Tangible fixed assets	9	4,958	5,075	4,958	5,075
Investments	10	2,031	2,159	2,031	2,159
Goodwill purchased		-	9	-	-
Investment in joint venture – Share of gross assets		45	66	-	-
Investment in joint venture – Share of gross liabilities		(23)	(20)	-	-
Net investment in joint venture		22	46	-	-
		7,011	7,289	6,989	7,234
<b>Current assets</b>					
Stocks	11	10	13	10	13
Debtors	12	2,449	2,579	3,179	3,378
Cash at bank and in hand		1,813	2,350	1,079	1,590
		4,272	4,942	4,268	4,981
<b>Creditors:</b> amounts falling due within one year	13	(2,520)	(2,845)	(2,371)	(2,739)
<b>Net current assets</b>		1,752	2,097	1,897	2,242
<b>Total assets less current liabilities</b>		8,763	9,386	8,886	9,476
<b>Creditors:</b> amounts falling due within one year	14	(1,980)	(2,088)	(1,980)	(2,088)
<b>Net assets excluding pension liability</b>		6,783	7,298	6,906	7,388
<b>Defined benefit pension scheme liability</b>	20	(4,175)	(5,992)	(4,175)	(5,992)
<b>Net assets</b>		2,608	1,306	2,731	1,396

	Notes	Consolidated 2016 £'000	Consolidated 2015 £'000	NCVO 2016 £'000	NCVO 2015 £'000
<b>Funds</b>					
<b>Restricted funds</b>		342	532	342	532
<b>Unrestricted funds</b>					
Pension reserve		(4,175)	(5,992)	(4,175)	(5,992)
Designated funds		3,293	2,930	3,293	2,930
General funds		3,148	3,836	3,271	3,926
<b>Total funds</b>	17	2,608	1,306	2,731	1,396

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  
16 September 2016

**Bruce Gordon**

Treasurer  
16 September 2016

## Group cash flow statement

For the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash (used by)/provided by operating activities</b>	18	(419)	542
<b>Cash flows from investing activities</b>			
Dividends and interest		76	71
Proceeds from sale of property		-	1,200
Cash on merger		123	264
Cash received from joint ventures		55	-
Purchase of fixed assets		(209)	(234)
<b>Net cash provided by investing activities</b>		45	1,301
<b>Cash flows from financing activities</b>			
Repayment of loan (capital and interest)		(163)	(161)
Repayment of mortgage		-	(174)
<b>Net cash (used by) financing activities</b>		(163)	(335)
<b>Change in cash and cash equivalents in the year</b>		(537)	1,508
<b>Cash and cash equivalents at beginning of the year</b>		2,350	842
<b>Change in cash and cash equivalents due to exchange rate movements</b>		-	-
<b>Cash and cash equivalents at the end of the year</b>	19	1,813	2,350



Notes to the financial statements

For the year ended 31 March 2016

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments and in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the United Kingdom and the Republic of Ireland, the Charities’ Statement of Recommended Practice (FRS 102) and the Companies Act 2006.

This is the first year accounts have been prepared under FRS 102 and information on the impact of first-time adoption is given in note 24. Comparatives have been restated as appropriate.

The financial statements are prepared on a going-concern basis. Having considered three-year financial projections alongside the existing and projected level of reserves, the trustees consider that NCVO has adequate resources to continue to operate for the foreseeable future.

a) Income

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 £296,000 at March 2016 by Barclays Bank Trust Company Limited.

Income from donations and grants is credited to the SOFA when there is evidence of entitlement, receipt is probable and its amount can be measured reliably, unless it relates to a specific future period, in which case it is 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.

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.

b) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that reflect the charity’s activities and aggregates all costs related to that activity. Costs are allocated across activities and projects based on judgements about the objectives and related outcomes of the activities and projects. Expenditure on which there is irrecoverable VAT is shown within each relevant cost category gross of VAT.

i) Raising funds

Costs of raising 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.

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. Governance costs are allocated to the categories of charitable expenditure on the basis of staff numbers.

Support costs

Costs relating to support services are identified and a proportion allocated to the charitable activities and 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.

Grant making

Costs of grant making are included within charitable expenditure 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.

iii) Other costs

Other costs directly relate to a specific activity or are support costs allocated on the basis of staff time, staff numbers or area, as relevant.

c) 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.

d) 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.

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

Freehold building	50 years
CRM system	5 years
Other computer equipment	3 years
Fixtures and fittings	10 years
Plant and equipment	20 years

e) Investments

Quoted investments are single priced funds and are stated at market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA. Unquoted investments are stated at cost.

f) Operating leases expenditure

Gross rentals paid are recognised as lease rental expenses. Rentals are charged to the SOFA, over the term of the lease.

g) Goodwill

Goodwill is capitalised and amortised over five years.

h) 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.

i) Debtors

Debtors are recognised at the settlement amount due. Accrued income reflects amounts due but not received at the balance sheet date from funders and partners. Prepayments reflects costs paid at the balance sheet date that relate to future periods and are valued at the amount paid net of any discounts due.

j) Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a maturity date of three months from the date of acquisition or opening of the deposit or similar account or which mature within three months of the balance sheet date.

k) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any discounts due.

l) Employee benefits

i) Short-term benefits

Short-term benefits including holiday pay are recognised as an expense in the period in which the service was received.

## Notes to the financial statements (continued)

### ii) Post-retirement benefits

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 liability recognised on the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date and has been calculated by an independent, qualified actuary in accordance with FRS 102.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the SOFA each year.

The annual costs of the defined benefit plan are included in employee costs and allocated across the expenditure headings on the SOFA. These comprise the annual expenses of the scheme and the finance costs.

### m) 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, a separate SOFA for the charity has not been presented.

NCVO Trading Limited holds 40% of the shares in CaSE LLP (Charity and Social Enterprise Insurance Management LLP) and 33% of the shares in Trustees Unlimited LLP. CaSE LLP 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. CaSE LLP and Trustees Unlimited LLP, which both have an accounting reference date of 31 March, have been accounted for as associates and included on the SOFA and balance sheet using the equity method.

## 2 Donations and legacies

	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
	2016 £'000	2016 £'000	2016 £'000	2015 £'000	2015 £'000	2015 £'000
Donations through Charities Aid Foundation	1,531	-	1,531	1,556	-	1,556
Merger grant	-	25	25	-	-	-
Other donations and voluntary income	81	12	93	48	7	55
	1,612	37	1,649	1,604	7	1,611

## 3 Charitable activities

	Membership subscriptions, conference delegate fees and charitable purpose contracts 2016 £'000	Unrestricted grants and sponsorships 2016 £'000	Restricted grants and sponsorships 2016 £'000	Total 2016 £'000
Membership subscriptions	973	-	-	973
Advisory services and information	1,392	10	987	2,389
Campaigns and communications	1	15	70	86
Education and training	713	101	15	829
Policy	10	-	1	11
Research	121	6	205	332
	3,210	132	1,278	4,620

	2015 £'000	2015 £'000	2015 £'000	Total 2015 £'000
Membership subscriptions	960	-	-	960
Advisory services and information	1,302	22	1,228	2,552
Campaigns and communications	12	13	272	297
Education and training	431	72	169	672
Policy	23	-	50	73
Research	301	-	66	367
	3,029	107	1,785	4,921



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 3 Charitable activities (continued)

#### Grant and project income

	Total Funds 2016 £'000	Total Funds 2015 £'000
<b>Unrestricted</b>		
Ecclesiastical Insurance Group – NCVO Knowhow Nonprofit	-	22
Just Giving – NCVO Knowhow Nonprofit	35	-
Scottish Widows – Evolve	15	16
Phoenix – website	15	-
Other unrestricted income under £15,000	67	69
<b>Total unrestricted</b>	<b>132</b>	<b>107</b>
<b>Restricted</b>		
New Philanthropy Capital – Inspiring Impact	-	3
Calouste Gulbenkian Foundation – NCVO Charities Evaluation Services	-	15
New Philanthropy Capital – NCVO Charities Evaluation Services	15	5
Big Lottery Fund – PQASSO Wales	269	156
City Bridge Trust – Climate Change	-	21
Arts Council – Cultural Commissioning	225	362
Department of Health – Volunteering in Care Homes	200	171
Lloyds Bank Foundation for England and Wales – Community Engagement Programme	-	44
Big Lottery Fund – IVR Stronger Communities	-	35
Dimbleby Cancer Care and Marie Curie Cancer Care – Volunteering and Palliative Care Research	-	3
Nesta – Innovation in Giving	-	22
Office for Civil Society – Compact Voice	246	378
Ministry of Justice – Skills and Information Workshops	-	(1)
Office for Civil Society – Masterclasses	-	130
Office for Civil Society – Digital resources	-	40
Joseph Rowntree Foundation - Strengthening the Voluntary Sector's Voice in Welfare Reform	1	25

<b>Restricted (continued)</b>	Total Funds 2016 £'000	Total Funds 2015 £'000
Office for Civil Society – Social Investment	-	25
European Parliament – EU: What Does it Mean for You?	-	(1)
The National Endowment for Democracy – Civil Society Networking in Egypt	(1)	13
Department for Work and Pensions – European Social Fund	59	146
Foreign and Commonwealth Office – Arab Partnership: Building Bridges	7	115
Trust for London – NCVO's Charities Evaluation Service	15	-
The Legal Education Foundation – Legal Information Audit	7	-
NHS England – Enhancing Volunteering in NHS Trusts through liV	10	-
City Bridge Trust – Effectiveness of mentoring and befriending projects	57	-
Lloyds Bank Foundation for England and Wales – Almanac for small and medium charities	49	-
Economic and Social Research Council – Data partnership	23	-
Economic and Social Research Council – Data entry	33	-
ukactive – Asda Active Sports Leaders	27	-
Other grants under £15,000	36	78
<b>Total restricted</b>	<b>1,278</b>	<b>1,785</b>
<b>Total grants and project income</b>	<b>1,410</b>	<b>1,892</b>

#### 4 Other trading activities (all unrestricted)

	2016 £'000	2015 £'000
Brokered services	314	389
Conference suite hire	1,414	1,280
Fees for services	1,051	876
Publications	87	69
	<b>2,866</b>	<b>2,614</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 5 Investments (all unrestricted)

	Unrestricted funds 2016 £'000	Unrestricted funds 2015 £'000
Dividends	76	71

### 6 Expenditure

	Staff Costs 2016 £'000	Premises Costs 2016 £'000	Grant Making 2016 £'000	Support Costs 2016 £'000	Other Expenses 2016 £'000	Governance Costs 2016 £'000	Total 2016 £'000
<b>Raising funds</b>	844	40	-	65	197	18	1,164
<b>Charitable expenditure:</b>							
Advisory services and information	2,644	145	125	243	1,264	66	4,487
Campaigns and communications	1,031	62	-	106	204	29	1,432
Education	578	37	26	58	466	16	1,181
Policy	281	17	-	29	24	8	359
Research	557	33	-	57	117	15	779
<b>Other:</b>							
Mergers and accessibility improvements	26	2	-	3	33	1	65
Centenary developments	-	-	-	-	-	-	-
Strategic development of quality marks	-	-	-	-	45	-	45
Theory of change	1	-	-	-	-	-	1
	5,962	336	151	561	2,350	153	9,513

### 6 Expenditure (continued)

	Staff Costs 2015 £'000	Premises Costs 2015 £'000	Grant Making 2015 £'000	Support Costs 2015 £'000	Other Expenses 2015 £'000	Governance Costs 2015 £'000	Total 2015 £'000
<b>Raising funds</b>	786	44	-	79	193	15	1,117
<b>Charitable expenditure:</b>							
Advisory services and information	2,276	153	176	245	1,193	46	4,089
Campaigns and communications	1,060	71	-	127	326	24	1,608
Education	372	24	22	36	373	6	833
Policy	284	17	-	32	6	6	345
Research	592	35	-	65	103	12	807
<b>Other:</b>							
Mergers and accessibility improvements	1	-	-	-	96	-	97
Centenary developments	-	-	-	-	5	-	5
Strategic development of quality marks	-	-	-	-	19	-	19
	5,371	344	198	584	2,314	109	8,920



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 6 Expenditure (continued)

Other expenses include commissioning £1,462,444 (£1,426,262 2015); consumables £217,326 (£274,640 2015) and events £339,055 (£316,098 2015). Commissioning includes fees on running the helpdesks and websites (for projects and for NCVO) and for membership administration.

Support costs are made up of the following expenditure:

	2016 £'000	2015 £'000
Rent and other accommodation costs	237	236
Travel costs	28	26
Telephone, printing, postage and stationery	43	33
Equipment and IT costs	124	113
Professional fees and consultancy	115	168
Other overheads	14	8
<b>Total</b>	<b>561</b>	<b>584</b>

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

	Total Funds 2016 £'000	Total Funds 2015 £'000
<b>Volunteering in Care Homes</b>		
Voluntary Action Oldham	8	10
South Derbyshire CVS	8	10
Blackburn and Darwen Community and Voluntary Service	8	10
Shropshire RCC	8	10
Volunteer Centre Westminster	-	5
One Westminster	8	5
	<b>40</b>	<b>50</b>

	Total Funds 2016 £'000	Total Funds 2015 £'000
<b>Cultural Commissioning</b>		
Nef Consulting	20	60
New Philanthropy Capital	8	33
New Economic Foundation	13	-
Local Government Information Unit	-	2
London Arts in Health Forum	-	1
	<b>41</b>	<b>96</b>

#### Masterclasses

Involve Yorkshire and Humber	16	13
NAVCA	9	7
National Council for Voluntary Youth Service	-	1
	<b>25</b>	<b>21</b>

#### Compact Voice

VONNE	15	-
VOSCUR Ltd	15	-
Voluntary Sector North West	15	-
	<b>45</b>	<b>-</b>

#### Volunteering for Stronger Communities

Volunteer Centre Camden	-	3
Oxfordshire Community and Voluntary Action	-	1
Exeter CVS	-	3
Voluntary Action Sheffield	-	8
Volunteer Centre Dacorum	-	2
South Lincolnshire Community and Voluntary Service	-	6
Lincolnshire Community and Voluntary Service	-	6
	<b>-</b>	<b>29</b>

#### Diana Kurzman legacy

	-	2
<b>Total grants and partnership fees paid</b>	<b>151</b>	<b>198</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 7 Employees

	2016 £'000	2015 £'000
Wages and salaries	4,290	4,133
Social security	445	397
Pension costs	523	524
Redundancy costs	187	26
Temporary staff and staff training	575	347
	6,020	5,427

The average number of employees (FTEs) during the year was:

	2016 number	2015 number
Generating funds	13	14
Advisory services and information	47	44
Campaigns and communications	21	23
Education and training	11	6
Policy	6	6
Research	11	12
	109	105

The number of employees whose benefits were over £60,000 during the year (excluding employer pension contributions but including redundancy and payments in lieu of notice) was:

	2016 Number	2015 Number
£70,000–£80,000	2	-
£80,000–£90,000	2	2
£90,000–£100,000	-	2
£130,000–£140,000	1	1
£170,000–£180,000	1	-

Five of the above staff are members of the defined contribution pension scheme (3 2015). None are currently paying contributions into the defined benefit scheme. The pension costs for these employees are £39,119 (£29,000 2015).

In April 2014, NCVO published guidance for trustees on setting pay for senior staff in charities with which we comply. In addition to the regulatory requirement to publish the number of employees in pay bands over £60,000 and to publish the total employee benefits received by key management personnel, we also publish the names, roles and 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 2015/16 are included in the trustees' report.

The amounts paid to the senior management team during 2015/16 were:

		Salary £	Pension contributions £	Redundancy £	Payment in lieu of notice £	Total 2015/16 £	Total 2014/15 £
Sir Stuart Etherington	Chief Executive	133,244	0	0	0	133,244	130,631
Susan Cordingley	Director of Planning and Resources	55,079	4,269	0	0	59,348	-
Dr Justin Davis Smith	Executive Director of Volunteering and Development	94,487	9,239	63,465	14,206	181,397	100,708
Coral Newton	Director of Planning and Resources (job share)	5,353	448	0	0	5,801	54,054
Sarah Welsh	Director of Planning and Resources (job share)	10,587	900	0	0	11,487	54,054
Dr Karl Wilding	Director of Public Policy	84,695	7,199	0	0	91,894	90,092
Richard Williams	Director of Enterprise	84,695	7,199	0	0	91,894	90,092

Susan Cordingley joined NCVO on 21 July 2015, initially working three days a week and joining full time from 7 September 2015. At the beginning of 2015/16 the director of planning and resources was shared between two staff in a job-share arrangement, with each working three days a week. Coral Newton left NCVO on 30 April 2015 and Sarah Welsh left NCVO on 5 June 2015.

The post of executive director of volunteering and development was made redundant in the organisational restructure and Dr Justin Davis Smith left the organisation on 31 March 2016. He joined NCVO as part of the merger with Volunteering England and like all Volunteering England staff his salary and employment rights were protected under TUPE rules. This meant he had 28 years' continuous service when he left in March 2016. His redundancy payment was calculated in accordance with NCVO's redundancy policy that applies to all staff and, in addition to statutory entitlement, awards one week's salary for every year worked.



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 8 Net income/ (expenditure)

This is stated after charging:	2016 £'000	2015 £'000
Auditor's remuneration		
– audit fees	29	22
– other	-	1
Depreciation	326	345
Amortisation of goodwill	9	9
Bank charges	9	9
Bank interest – on building loan	58	56
Trustees' expenses	7	9

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 Charity Finance Group 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, 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 2016 £	UK Travel 2016 £	Entertaining/ Networking 2016 £	Overseas Travel 2016 £	Other 2016 £	Total claimed 2016 £	Total claimed 2015 £
Chief Executive's Office	424	6,615	6,561	4,578	42	18,220	13,210
Director of Public Policy	456	1,731	462	-	74	2,723	3,489
Executive Director of Volunteering and Development	6	1,344	151	1,206	-	2,707	3,414
Director of Planning and Resources	-	18	35	-	-	53	142
Director of Enterprise	151	614	2,323	260	25	3,373	2,778
<b>Total</b>	<b>1,037</b>	<b>10,322</b>	<b>9,532</b>	<b>6,044</b>	<b>141</b>	<b>27,076</b>	<b>23,033</b>
Trustees	2,240	3,069	1,196	-	-	6,505	9,180
Members' Assembly	-	359	-	-	-	359	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. The increase in Chief Executive's expenses in 2016 reflect the costs of a three-day trip to Canada to speak on charity regulation.

Travel and subsistence expenses reimbursed to eight trustees in the period amounted to £6,505 (£9,180 2015), including amounts paid directly by NCVO. Travel and subsistence expenses incurred by other Members' Assembly members amounted to £359 (£1,911 2015).

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 9 Tangible fixed assets (group and charity)

	Freehold Land And Buildings £'000	Plant & Equipment £'000	Computer Equipment £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>					
At 1 April 2015	4,919	837	1,274	1,898	8,928
Additions	-	79	82	48	209
Disposals	-	-	-	-	-
Transfer upon completion	-	-	-	-	-
At 31 March 2016	4,919	916	1,356	1,946	9,137
<b>Depreciation</b>					
At 1 April 2015	1,521	101	1,001	1,230	3,853
Charge for the year	99	43	90	94	326
Disposals	-	-	-	-	-
At 31 March 2016	1,620	144	1,091	1,324	4,179
<b>Net book value</b>					
At 31 March 2015	3,398	736	273	668	5,075
At 31 March 2016	3,299	772	265	622	4,958

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 Investments (group and charity)

	Total £'000
Market value (all listed)	
At 1 April 2015	2,159
Additions	-
Disposal proceeds	-
Realised losses	-
Unrealised investment gains/(losses)	(128)
At 31 March 2016	2,031
<b>Cost</b>	
At beginning and end of year	1,721
	<b>2016 £'000</b>
Being at market value	
Investment assets in the UK	1,046
Investment assets outside the UK	985
	2,031
The following funds have a value of 5% or greater of the portfolio	
Alpha CIF for endowments	1,645
Alpha CIF for income and reserves	384
Other holdings less than 5%	2
	2,031

NCVO Trading Limited holds 40% of the shares in CaSE 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 2016

### 11 Stocks (group and charity)

	2016 £'000	2015 £'000
Publications	10	13

### 12 Debtors

	Consolidated 2016 £'000	Consolidated 2015 £'000	NCVO 2016 £'000	NCVO 2015 £'000
Debtors	2,072	1,848	1,866	1,636
Accrued income	238	573	150	474
Amount due from subsidiary	-	-	1,026	1,111
Prepayments	139	158	137	157
	2,449	2,579	3,179	3,378

### 13 Creditors: amounts falling due within one year

	Consolidated 2016 £'000	Consolidated 2015 £'000	NCVO 2016 £'000	NCVO 2015 £'000
Bank loan (secured – see note 14)	128	128	128	128
Taxation and social security	380	519	357	498
Other creditors	329	520	317	517
Accrued expenditure	477	542	424	496
Deferred income	1,206	1,136	1,145	1,100
	2,520	2,845	2,371	2,739

Deferred Income consists of:

	Consolidated 2016 £'000	Consolidated 2015 £'000	NCVO 2016 £'000	NCVO 2015 £'000
Deferred income	555	552	494	516
Membership subscriptions	651	584	651	584
	1,206	1,136	1,145	1,100

### 14 Creditors: amounts falling due after more than one year

	Consolidated 2016 £'000	Consolidated 2015 £'000	NCVO 2016 £'000	NCVO 2015 £'000
Membership deferred over one year	40	43	40	43
Bank loan (secured)	1,940	2,045	1,940	2,045
	1,980	2,088	1,980	2,088

Analysis of loan repayments

Within one year	128	128	128	128
Between one and two years	512	2,045	512	2,045
Between two and five years	1,428	-	1,428	-
Balance at 31 March	2,068	2,173	2,068	2,173

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 a rate of LIBOR +2.050% for a 20-year period with a five-year renewable term in July 2016. The loan was renegotiated pre year end and renewed by Barclays for a further five-year renewable term at a rate of LIBOR +1.75%.

### 15 Operating leases

NCVO has had an operating lease with GE Finance since May 2014 for multi-functional devices, which provide photocopying, printing and document scanning facilities. Total minimum lease commitments as at 31 March were:

Annual lease commitments by category	2016 £'000	2015 £'000
Within one year	11	11
Two to five years	3	14
	14	25

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 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	-	4,958	-	4,958	-	4,958
Investments	1,728	325	-	2,053	-	2,053
Net current assets (excluding loan)	1,420	78	342	1,840	-	1,840
Pension fund	-	-	-	-	(4,175)	(4,175)
Loan	-	(2,068)	-	(2,068)	-	(2,068)
<b>Total</b>	<b>3,148</b>	<b>3,293</b>	<b>342</b>	<b>6,783</b>	<b>(4,175)</b>	<b>2,608</b>

NCVO's readily realisable reserves of £3.1m are made up of investments and net current assets, adjusted for loans.

### 17 Movement in group funds

#### Unrestricted and 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 2015 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net Gains & Losses £'000	Balance 31 Mar 2016 £'000
Fixed assets	2,902	-	-	(12)	-	2,890
Property maintenance	28	-	-	-	-	28
Centenary fund	-	-	-	375	-	375
<b>Total designated funds</b>	<b>2,930</b>	<b>-</b>	<b>-</b>	<b>363</b>	<b>-</b>	<b>3,293</b>
Unrestricted	3,836	8,050	(7,740)	(870)	(128)	3,148
Pension reserves	(5,992)	-	(268)	- 507	1,578	(4,175)
<b>Total general funds</b>	<b>774</b>	<b>8,050</b>	<b>(8,008)</b>	<b>-</b>	<b>1,450</b>	<b>2,266</b>

The total income figure of £8,050,000 includes the share of operating profit of joint ventures referenced on the SOFA.

NCVO has designated resources to three 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.

#### • Centenary fund

The trustees established this fund to resource activity to celebrate NCVO centenary in 2019. This programme of work will focus on NCVO's past, present and future. It is anticipated that the funds will be spent over the three-year period to 31 March 2020.

Restricted Funds	1 April 2015 £'000	Income £'000	Expenditure £'000	Balance 31 March 2016 £'000
NCVO Charities Evaluation Services: Calouste Gulbenkian Foundation	45	-	(17)	28
NCVO Charities Evaluation Services: New Philanthropy Capital	5	15	(13)	7
NCVO Charities Evaluation Services: Sylvia Adams	9	-	(9)	-
NCVO Charities Evaluation Services: Trust for London	1	15	(6)	10
PQASSO Wales: Big Lottery Fund	65	269	(300)	34
Cultural Commissioning: Arts Council	219	225	(256)	188
Volunteering in Care Homes: Department of Health	9	200	(203)	6
Governance: Code	6	-	(1)	5
Local Policy Engagement: Lloyds TSB Foundation for England and Wales	7	-	(7)	-
Masterclasses: Office for Civil Society	57	-	(57)	-
Digital Resources: Office for Civil Society	37	-	(37)	-
Strengthening the Voluntary Sector's Voice in Welfare Reform: Joseph Rowntree Foundation	-	1	(1)	-
Social Investment: Office for Civil Society	5	-	(5)	-
Innovation in Giving: NESTA	6	-	(6)	-
Civil Society Networking in Egypt: National Endowment for Democracy	13	(1)	(12)	-
CSIS Charity Fund: Working for a Charity bursaries	5	-	(3)	2
Leadership (legacy)	7	-	(1)	6



# Notes to the financial statements (continued)

For the year ended 31 March 2016

## Restricted funds (continued)

Restricted Funds	1 April 2015 £'000	Income £'000	Expenditure £'000	Balance 31 March 2016 £'000
Compact Voice	-	246	(243)	3
Enhancing volunteering in NHS Trusts through liV: NHS England	-	10	-	10
Legal information audit: The Legal Education Foundation	-	7	(7)	-
Effectiveness of mentoring and befriending projects: City Bridge Trust	-	57	(47)	10
Almanac for small and medium-sized charities: Lloyds TSB Foundation for England and Wales	-	49	(49)	-
Data partnership including data entry: Economic Research Council	-	55	(55)	-
Asda Active Sports Leaders: ukactive	-	27	(27)	-
European Social Fund: Department of Work and Pensions	-	59	(59)	-
Integration of CES: City Bridge Trust	-	25	(25)	-
Arab Partnership, Building Bridges: Foreign and Commonwealth Office	-	7	(7)	-
Various: Plowden Fellowship	36	7	(15)	28
Various: Public Trust	-	5	-	5
Other restricted grants and donations under £20,000	-	37	(37)	-
<b>Total</b>	<b>532</b>	<b>1,315</b>	<b>(1,505)</b>	<b>342</b>

Those areas with restricted funds to be carried forward into 2016/17 are briefly described below.

• **NCVO Charities Evaluation Services: Calouste Gulbenkian Foundation**

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

• **NCVO Charities Evaluation Services: New Philanthropy Capital**

To support charities through their Inspiring Impact programme.

• **NCVO Charities Evaluation Services: 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**

Three-year programme funded by Arts Council England to help the arts and culture sector better engage in public sector commissioning and 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.

• **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 Tumim) and for music for people with learning difficulties (Diana Kurzman).

• **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. The balance will be used for digital work in 2016/17.

• **Enhancing volunteering in NHS Trusts through liV: NHS England**

This funding covers NCVO to deliver two events in partnership with NHS England. The first is a workshop for NHS achievers and liV assessors to assess the impact of liV and how we could support this further. The second is for volunteer managers to raise awareness of liV and how it supports the delivery of their five-year forward plan.

• **Effectiveness of mentoring and befriending projects: City Bridge Trust**

This project aims to increase the capability of mentoring and befriending projects to evidence impact through a clearer understanding of relevant outcomes and appropriate monitoring and evaluation techniques.

• **Plowden Fellowship**

Fellowship to take up themes of good governance.

• **Public Trust**

Work to preserve public trust and confidence in the sector.

• **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 £984,000. In addition, £190,066 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 2016

### 18 Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2016 £'000	2015 £'000
<b>Net (expenditure)/income for the year</b>	(307)	1,601
Adjustments for:		
Depreciation	326	345
Losses/(gains) on investments	128	(156)
Amortisation of goodwill	9	9
Dividends and interest from investments	(76)	(71)
Interest on bank loan	58	56
Incoming resources from merger	(123)	(1,290)
Non cash difference between defined benefit pension contributions paid and amount charged to SOFA	(239)	(113)
Decrease in stocks	3	2
Decrease/(increase) in debtors	130	(467)
(Decrease)/increase in creditors	(328)	626
<b>Net cash (used in)/provided by operating activities</b>	(419)	542

### 19 Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	1,813	2,350

## 20 Post-employment benefits

The charity operates two pension schemes, a defined contribution pension scheme for employees and a defined benefits pension scheme (the assets of which are held separately from the charity), which was closed on 31 March 2011.

#### a) Pension costs charge in the year

The amount of pensions costs charged within employee costs on the SOFA

	Note	2016 £'000	2015 £'000
Defined contribution scheme costs		255	253
Defined benefit scheme expenses		88	109
Defined benefit scheme interest cost		180	163
<b>Total cost</b>	7	523	525

#### b) Defined benefit scheme

The charity operates a defined benefit scheme in the UK which is closed to new entrants and future accrual. This is a separate trustee-administered fund holding the pension scheme assets to meet long-term pension liabilities. A full actuarial valuation was carried out at 30 September 2013 and updated to 31 March 2016 by a qualified actuary, independent of NCVO. The major assumptions used by the actuary are shown below.

This most recent scheme funding actuarial valuation showed a deficit of £5,788,000. NCVO has agreed with the pension fund trustee that it will aim to eliminate the deficit over a period of 12 years 10 months from 1 April 2015 by the payment of annual contributions of £430,000 (increasing at 3% per annum on 1 April 2016 and on each 1 April thereafter) in respect of the deficit. In addition, the employer will pay £76,290 per annum in respect of the expenses of running the scheme including the Pension Protection Fund Levy.

### Assumptions

	2016 %	2015 %
Rate of increase in salaries	2.0	2.0
Rate of increase in pensions in payment	2.1	2.1
Discount rate	3.5	3.1
Inflation assumption (CPI)	2.0	2.0

The mortality assumptions adopted at 31 March 2016 imply the following life expectations:

	2016 Years
Male retiring in 2016	23.1
Female retiring in 2016	24.8
Male retiring in 2036	24.3
Female retiring in 2036	26.3

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 20 Post-employment benefits (continued)

#### Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2016 £'000	2015 £'000
Fair value of plan assets	19,880	19,675
Present value of defined benefit obligation	(24,055)	(25,667)
<b>Deficit in scheme and liability recognised</b>	<b>(4,175)</b>	<b>(5,992)</b>

#### Reconciliation of opening and closing balances of the defined benefit obligation

	2016 £'000	2015 £'000
Defined benefit obligation at start of period	25,667	21,328
Expenses	88	109
Interest expenses	787	928
Actuarial (gain)/loss	(1,822)	3,908
Benefits paid and expenses	(665)	(606)
	24,055	25,667

#### Reconciliation of opening and closing balances of the fair value of scheme assets

	2016 £'000	2015 £'000
Fair value of scheme assets at start of period	19,675	17,500
Interest income	607	765
Actuarial (loss)/gain	(244)	1,631
Contributions by the employer	507	385
Benefits paid and expenses	(665)	(606)
	19,880	19,675

#### Actuarial gain/(loss) recognised in the SOFA

	2016 £'000	2015 £'000
(Loss)/gain on scheme assets (excluding amounts included in net interest cost)	(244)	1,631
Experience gain arising on the scheme liabilities	6	14
Gain/(loss) as a result of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	1,816	(3,922)
<b>Total actuarial gain/(loss) recognised in SOFA</b>	<b>1,578</b>	<b>(2,277)</b>

#### Scheme assets

	2016 £'000	2015 £'000
Equity type assets	11,082	8,007
Bonds	7,288	10,218
Property	1,480	1,351
Other	30	99
<b>Total assets</b>	<b>19,880</b>	<b>19,675</b>

### 21 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, is liable to tax on any profits not paid to the charity under Gift Aid.

### 22 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 23 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 LLP is a related party of NCVO through NCVO Trading Limited's holding of 40% of its equity. CaSE LLP has been accounted for as an associate and included on the SOFA and balance sheet using the equity method. 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 £1,000, which was repaid by the LLP during 2010/11. Trustees Unlimited LLP has been accounted for as an associate and included on the SOFA and balance sheet using the equity method.



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 22 Related parties (continued)

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 £34,000 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 LLP and Trustees Unlimited LLP.

### 23 Subsidiary and parent company results

The charity owns 100% of the issued share capital in NCVO Trading Limited. The company made a profit of £1,328,000 for the year ended 31 March 2016. The investment at cost is £1.

	2016 £'000	2015 £'000
<b>Summary profit and loss account</b>		
Turnover	2,004	1,880
Cost of sales	(632)	(566)
Gross profit	1,372	1,314
Expenditure	(44)	(50)
Net profit before Gift Aid	1,328	1,264
Gift Aid to NCVO	(1,328)	(1,264)
<b>Summary balance sheet</b>		
Fixed assets – investments	145	145
Debtors	255	275
Cash at bank and in-hand	734	760
	1,134	1,180
Creditors: amounts falling due within one year	(1,134)	(1,180)
Creditors: amounts falling due after one year	-	-
<b>Net assets</b>	-	-

## 24 Transition to FRS 102 adjustments

### Reconciliation of funds

	Unrestricted funds 31 March 2015 £'000	Restricted funds 31 March 2015 £'000	Total funds 31 March 2015 £'000	Unrestricted funds 1 April 2014 £'000	Restricted funds 1 April 2014 £'000	Total funds 1 April 2014 £'000
<b>Funds under previous GAAP</b>	909	532	1,441	1,804	295	2,099
<b>Adjustments:</b>						
Holiday pay	(135)	0	(135)	(135)	0	(135)
<b>Funds restated under FRS 102</b>	774	532	1,306	1,669	295	1,964

### Reconciliation of income and expenditure

	Unrestricted funds 31 March 2015 £'000	Restricted funds 31 March 2015 £'000	Total funds 31 March 2015 £'000
<b>Net incoming resources under previous GAAP</b>	1,542	242	1,784
Increase in defined pension scheme finance costs	(183)	-	(183)
<b>Net incoming resources under FRS 102</b>	1,359	242	1,601



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**CHAMPIONING  
VOLUNTARY  
ACTION**

**NCVO**

Registered charity number  
225922  
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