

# ANNUAL REPORT AND ACCOUNTS 2016/17

National Council for  
Voluntary Organisations

# REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED **31 MARCH 2017**

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**

Peter Kellner  
Appointed 20 November 2016  
  
Sir Martyn Lewis CBE  
Resigned 20 November 2016

#### **Vice Chair**

Matt Hyde

#### **Honorary Treasurer**

Bruce Gordon

#### **Trustees**

Andy Cook  
Jenny Field  
Chris Freed  
Fazilet Hadi  
Anne Heal  
Richard Leaman CB OBE  
Natasha Mort  
Chris Wade  
Sally Young

### **AUDIT AND RISK COMMITTEE**

#### **Chair**

Sarah Morrison (independent)

#### **Trustees**

Bruce Gordon  
  
Fazilet Hadi  
Resigned 12 December 2016  
  
Anne Heal  
Appointed 12 December 2016  
  
Chris Wade

#### **Independents**

Anna Bennett  
David Howley

### **NOMINATIONS COMMITTEE**

#### **Chair**

Pete Kellner (trustee)  
Appointed 20 November 2016  
  
Sir Martyn Lewis CBE (trustee)  
Resigned 20 November 2016

#### **Trustees**

Bruce Gordon  
Matt Hyde  
Sally Young

#### **Independents**

Jo Ash CBE  
Dominic Fox  
Lynne Regan

### **HR AND REMUNERATION COMMITTEE**

#### **Chair**

Dame Julia Cleverdon DCVO,  
CBE (independent)

#### **Trustees**

Peter Kellner  
Appointed 20 November 2016  
  
Sir Martin Lewis CBE  
Resigned 20 November 2016  
  
Bruce Gordon

#### **Independents**

Wendy Blake Ranken  
  
Ann Cummins  
Resigned 6 June 2016

### **CHIEF EXECUTIVE**

Sir Stuart Etherington

### **SENIOR MANAGEMENT TEAM**

Susan Cordingley  
Dr Karl Wilding  
Richard Williams

### **COMPANY SECRETARY**

Susan Cordingley

### **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 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**

UBS

### **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 2016/17. At the start of this year, many NCVO members joined us at our annual conference and heard Julie Bentley, chief executive of Girlguiding, speak passionately about the charity sector. We must be less defensive, she told us, and accept valid criticism. Criticisms are a way to help us improve, she rightly said, and challenged the sector to up its game. And I think her words summed up the mood of much of the year.

This was a year in which we continued to respond to growing expectations of charities by leading in helping the sector develop ever higher standards. At the same time, we have been unrelenting in defending all that is

best about the sector. Our determined work on the anti-advocacy clause, in partnership with Social Enterprise UK and ACEVO resulted in a reversal of a policy that threatened charities' ability to speak up on behalf of the people and causes they work for.

I joined at a time when the sector has been in a reflective mood, thinking about its own challenges in areas such as governance and fundraising – both areas where NCVO is leading in providing solutions – but the external environment around us is changing in ways that are not predictable. Brexit has shuffled the decks of policy and politics, and where the cards fall could be of great consequence to charities.

**WE WILL BE NOTHING BUT RELENTLESS IN PROMOTING ALL THAT IS WONDERFUL ABOUT VOLUNTEERING AND WHAT IT CAN DO FOR OUR SOCIETY AND FOR VOLUNTEERS THEMSELVES.**



We will continue to support our members and the whole sector. For NCVO, just as other charities, I suspect this will increasingly mean moving more quickly and an even greater importance on working with partners, whatever sector they are from. Innovation and adaptability have been strengths of many organisations in this sector, and of volunteering, and they are skills that will be called on more in the future.

And on that note, I am delighted that 'Volunteers' Week 2016 was the biggest ever. Alongside this, we did much work with the BBC in order to promote volunteering through their major volunteering campaigns, Do Something Great and Radio 1's Million Hours. We will be nothing but relentless in promoting all that is wonderful about volunteering and what it can do for our society and for volunteers themselves.

I have met many of NCVO's members since taking over as chair in November 2016, and I have been nothing but inspired by their innovation, their creativity and the real difference they make. I also sense a recognition that, increasingly, we have to do all we can to demonstrate that difference.

On that note, I'm pleased that NCVO Charities Evaluation Services has had such a successful year. There is a clear desire from many charities to focus more on evaluating and honing their impact. I am keen that this is something we continue to lead on in my time as chair.

I look forward to meeting more of NCVO's members and ensuring that we are continuing to do all that we can to help you make the biggest difference to the causes that matter to you.

Finally, I would like to take this opportunity to put on record my thanks to Sir Martyn Lewis, who led NCVO most ably for the past six years. His commitment to ensuring the voluntary sector plays its fullest role, combined with his endless enthusiasm, charm and good humour, made a real difference for NCVO and the wider sector.

Best wishes,

**Peter Kellner**  
Chair, NCVO





An incarcerated father and  
his daughter in HMP Brixton.  
Photographer: Andrew Atchison.  
Organisation: PACT  
Member since: 2008

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





Being seen being heard and leading change  
 Photographer: Terry Manye  
 Organisation: RECLAIM project  
 Member since: 2012

# STRUCTURE, GOVERNANCE AND MANAGEMENT

The trustee board presents its annual report (incorporating the strategic report) and the audited financial statements for the year ended 31 March 2017.

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. 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.

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 12 trustees, including three honorary officers (chair, vice-chair and treasurer). The chair, treasurer and seven trustees are elected by the members. 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 audit matters.

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 and the opportunity to meet key staff. After their first year in office, each trustee meets with the chair and chief executive to review their first year.





NCVO'S MEMBERS' ASSEMBLY IS A FORUM TO ADVISE THE BOARD ON ISSUES IN THE VOLUNTARY SECTOR AND TO CONTRIBUTE TO THE DEVELOPMENT OF NCVO'S POSITIONS ON MATTERS OF PUBLIC POLICY.

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 three departments, as follows.

- Public policy and volunteering – this comprises NCVO's policy, research, external relations and volunteering development functions. The department leads our work to champion the voluntary sector and volunteering, plus our work to support volunteer involving organisations.
- Enterprise and development – this includes membership, events, our portfolio of quality standards, enterprise development, fundraising and marketing, consultancy and training.

- Planning and resources – this comprises NCVO's internal support services and our digital and communications team and is responsible for the organisational planning process, servicing of the governance structure and running the conference suite.

#### 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.



Lucy in the sky with diamonds  
Photographer: Laura Hughes  
Organisation: Moorvision  
Member since: 2016



# OBJECTIVES AND ACTIVITIES

NCVO champions and strengthens volunteering and civil society, with over 12,750 members ranging from the largest charities to the smallest community organisations. There are thousands of voluntary 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 a five-year strategy, *Together We Make a Bigger Difference*, which 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.**



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.

Further information on the activities underpinning each of the five aims is given in the 'Achievements and performance' section of this report.

## 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.



# ACHIEVEMENTS AND PERFORMANCE

Learning  
Photographer: Ben Carpenter  
Organisation: Spinal Injuries Association  
Member since: 2015

This was the third year of our five-year strategic plan.

The following sections summarise some of our key during 2016/17 against each of NCVO's five strategic aims.



# Aim 1

## We will champion volunteering and the voluntary sector

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

Following the result of the referendum on membership of the EU we worked quickly to provide information to the sector about its implications. We kept members up to date through briefings and live discussion events. We set out our priorities for Brexit negotiations, including ensuring that the one in twenty voluntary sector staff from Europe be permitted to stay in the UK, and that there be a simple immigration system to ensure charities can still recruit the people they need to.

Our determined and assertive influencing on the anti-advocacy clause introduced by the government resulted in an effective reversal of the policy, with the government introducing substantially more nuanced and effective grants standards which have the potential to improve grant-making.

We continued working to help ensure charities continue to be seen positively. Alongside our everyday work promoting and defending charities and volunteering in the media, we launched a new website, [howcharitieswork.com](http://howcharitieswork.com), to give people answers to common questions they have about charities.

# Aim 2

## We will strengthen voluntary organisations

Following our continued work on charities' involvement in public services, the government announced a review of this area. We contributed extensively to identifying the key challenges for small and medium charities, and changes that would improve the public services environment for charities. Specific policy proposals are being developed by the civil society implementation group set up by the Office for Civil Society, of which NCVO is a member.

Our work with officials and parliamentarians on the small charitable donations bill resulted in a number of changes that will simplify eligibility requirements, making it easier for charities to benefit from the reliefs they are entitled to.

While government funding to run our grant-funding website Funding Central came to an end, we successfully moved to a paid-for model, with subscriptions to the service exceeding our targets. We have maintained free access to the service for organisations with an income of under £100,000 a year.

This was a record year for impact and evaluation work at NCVO, with our Charities Evaluation Services (CES) team expanding to meet ever-growing demand from charities. This has been driven by a combination of the growing emphasis in the sector of the importance of impact and evaluation along with the reputation CES has for delivering high-quality work.



**Remembering friends**  
Photographer: Grant Lane  
Organisation: Former Forces Support  
Member since: 2015

## Aim 3

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

Volunteers' Week 2016 was the biggest ever, with around 1,000 events logged on our online map and 5,000 downloads of our resource pack. We extended the week to take in The Patron's Lunch, a celebration of the Queen's commitment to charities and volunteering.

We were chosen by NHS England to develop new guidance on volunteer recruitment and management. This will help us to support the public sector embrace volunteering and deliver the high-quality volunteering roles that we know can make such a difference to the people who use and work in public services.

We collaborated closely with the BBC on its major volunteering initiative, Do Something Great, and on BBC Radio 1's Million Hours campaign, helping promote the benefits of volunteering to a mass audience.

We experienced strong demand from organisations to work towards our Investing in Volunteers quality standard. We think this is a reflection of the growing recognition of the importance of good volunteer management.

## Aim 4

### We will connect people and organisations

We continued our comprehensive programme of training and events, with thousands of people attending NCVO events and training over the year. We think the sector is at its strongest when it's well networked, and these events are not just an opportunity to learn practical skills, but also to make the connections that matter for people and organisations.

Our policy work has brought organisations together to discuss topics as varied as volunteering, gift aid, public services and Brexit. The experiences and views of our members are a crucial part of our policy formulation.

Our membership grew again, and we ended the year with 12,750 members, an increase of 550 from the end of the previous year. Our retention rate remained high at 93%. We think this represents a vote of confidence in the support we provide and our work on behalf of the sector.

We continued to invest from our reserves in our digital capacity and capabilities, so that we can connect more people and organisations with the resources they need.



OUR WORK WITH OFFICIALS AND PARLIAMENTARIANS ON THE SMALL CHARITABLE DONATIONS BILL RESULTED IN A NUMBER OF CHANGES THAT WILL SIMPLIFY ELIGIBILITY REQUIREMENTS, MAKING IT EASIER FOR CHARITIES TO BENEFIT FROM THE RELIEFS THEY ARE ENTITLED TO.



# Aim 5

## We will be a sustainable and socially responsible organisation

We continue to pursue a strategy of diversifying our income and growing earned income. As reported last year, overall income and expenditure are both down this year, reflecting the ending of a number of funded projects.

We are grateful to the charity donors who use the services of the Charities Aid Foundation (CAF), a specialist bank for charities and charity donations which NCVO set up in 1925 and which we established as a separate organisation in 1974. CAF donates a small proportion of its income to NCVO in order to help us support the whole sector.

We continued to grow our earned income by providing services that help our members meet their needs. We're providing a range of high-quality services for the sector which also help sustain us as an organisation.

For example, our conference facilities achieved 99% customer satisfaction levels, with every customer surveyed saying they would recommend us. This service made a surplus of over £1m for us to spend on supporting and representing the sector.

The staff survey we carried out this year showed very strong employee engagement levels, well above sector benchmarks. Staff reported that they found NCVO an enjoyable and supportive place to work and welcomed our family-friendly policies. We're very pleased with this but we won't rest on our laurels: we know that satisfied staff deliver better services for our members.

We're investing in our productivity too. We carried out various improvements to better integrate and strengthen our processes and business systems so that we can provide a more effective and efficient service to members and other stakeholders.



**Katherine**  
Photographer: Zoe Ellsmore  
Organisation: FareShare  
Member since: 2017

Our conference facilities achieved 99% customer satisfaction levels, with every customer surveyed saying they would recommend us.

# FINANCIAL REVIEW

WE CONTINUE TO MONITOR ALL SOURCES OF INCOME, INVEST IN IDENTIFYING AND DEVELOPING NEW SOURCES OF EARNED INCOME AND DIVERSIFYING OUR INCOME BASE

## Income

Total income of £8.2m was a £1.1m reduction on the preceding year (£9.3m), reflecting the end of a number of large-scale, time-limited projects during the year ended 31 March 2016. We continued to receive income from a diverse range of sources. Income from donations and legacies amounted to £1.8m, an increase on the previous year, reflecting an increase in donations received from the Charities Aid Foundation (CAF) amounting to £1.7m (£1.5m 2016). Income from charitable activities was £1.2m down on the previous year, reflecting a reduction in restricted project grants and contracts. This was partially compensated by an increase in self-generated income from membership subscriptions and conference and delegate fees. Income from trading activities continued to grow year on year and generated £3m income in the year, an increase of 3%.

## Expenditure

Expenditure also decreased to £8.4m (£9.5m 2015), reflecting the reduction in project activity. Staff costs were £5.1m, a reduction of nearly £1m on the preceding year. This reflects a reduction in average staff numbers to 95 compared with 109 in 2016, as a result of the restructure undertaken in March 2016. We continued the planned investment from reserves and during the year this included continued investment in our digital products and services, improvement to our quality standards, including the development of an online tool to support PQASSO, and development of a theory of change and a new monitoring and evaluation process for the organisation.

## Funds

Net income of £0.1m for the year included a gain on investments of £0.2m. The actuarial loss on the defined pension scheme of £0.6m (actuarial gain of £1.6m 2016) resulted in a net decrease in funds of £0.5m and total funds at the end of the year of £2.1m (£2.6m 2016).



Swimming lessons at Woodrow Swim School  
Photographer: Francisco Augusto  
Organisation: London Youth  
Member since 2006

## Balance Sheet

Fixed assets includes the value of Society Building at £3.2m 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. Anecdotal evidence suggests that this value has increased since then. At the end of the year there was an outstanding loan of £1.9m 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 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 2016 tri-annual valuation, it had been agreed with Pensions Trust that the existing deficit recovery plan will be extended by 14 months to 31 March 2029 to cover the increased liability. This means we will continue to contribute £0.5m per annum, increasing by 3% a year.

The liability in respect of the defined pension scheme is recognised on the balance sheet at the present value of the defined 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 2017 resulted in a liability of £4.5m (£4.2m 2016) being recognised on the balance sheet, an increase of £0.3m. The current market value of the building more than covers the current pension deficit.

## Future Financial Planning

We continue to monitor all sources of income, invest in identifying and developing new sources of earned income and diversifying our income base, as well as monitoring costs, to ensure we continue to be financially sustainable for the foreseeable future.



Investments

During the year to 31 March 2017 NCVO’s investment portfolio was managed by UBS. Our investment policy aligns with our fifth strategic aim to ‘be a sustainable and socially responsible organisation’ and our investment objective is to provide long-term capital and income growth.

The UBS approach starts with a negative screen then applies a positive screen that actively selects companies adopting best practice in areas such as supply chain management, waste and carbon management, employee welfare and corporate governance. The aim of this approach is to create a portfolio of companies actively focused on managing their businesses sustainably.

UBS provides real-time, online information on performance of the portfolio and quarterly reports. In addition, UBS attends an audit and risk committee meeting at least annually to discuss the performance of the portfolio, economic conditions and future requirements.

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 for 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 2017, 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 free 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.

THE DAY-TO-DAY  
MANAGEMENT OF ALL  
INCOME GENERATION  
IS DELEGATED TO THE  
EXECUTIVE TEAM,WHO  
ARE ACCOUNTABLE  
TO THE TRUSTEES

POLICIES

At 31 March 2017, NCVO’s free reserves were as follows:

|                  | 31 March 2017<br>£'000 | 31 March 2016<br>£'000 |
|------------------|------------------------|------------------------|
| Total funds      | 2,118                  | 2,608                  |
| Restricted funds | (142)                  | (342)                  |
| Designated funds | (3,020)                | (3,293)                |
| Pension funds    | 4,493                  | 4,175                  |
| Free reserves    | 3,449                  | 3,148                  |

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 two years on a programme celebrating NCVO’s centenary in 2019.

Fundraising policy

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as ‘soliciting or otherwise procuring money or other property for charitable purposes’. Such amounts receivable are presented in our accounts as ‘voluntary income’ and include legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The charity is not required by any undertaking to be bound by any regulatory scheme and the charity does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds, we do not have particular policies in relation to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.



It's hard to say goodbye  
Photographer: Julie Lankshier  
Organisation: caring canines  
Member since: 2011



# REMUNERATION STATEMENT



NCVO IS A LONDON LIVING WAGE-ACCREDITED EMPLOYER, MEANING ALL OUR STAFF AND CONTRACTORS ARE PAID AT LEAST THE LONDON LIVING WAGE.

NCVO's 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 around 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. Salaries 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. 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.



Street dancing with Jamie  
Photographer: Debbie Dye  
Organisation: Harrow Mencap  
Member since 2014

We don't apply any form of  
performance-related pay, nor  
do we have a bonus scheme.

(iii) 2016/17 senior pay levels

| Name                   | Title                                    | Annual salary,<br>2016/17 | Pension<br>contributions,<br>2016/17 | Total<br>remuneration,<br>2016/17 (1) | Annual salary,<br>2017/18 |
|------------------------|--|---------------------------|--------------------------------------|---------------------------------------|---------------------------|
| Sir Stuart Etherington | Chief Executive                          | £136,046                  | -                                    | £136,046                              | £138,627                  |
| Susan Cordingley       | Director<br>of Planning<br>and Resources | £86,389                   | £7,343                               | £93,732                               | £88,117                   |
| Dr Karl Wilding        | Director of<br>Public Policy             | £86,389                   | £7,343                               | £93,732                               | £88,117                   |
| Richard Williams       | Director of<br>Enterprise                | £86,389                   | £7,343                               | £93,732                               | £88,117                   |

1. Total remuneration figures are salary plus pension contributions. The information above excludes employer's national insurance contributions (NIC) which are included in the information in note 7. 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 given in note 8.

(iv) Pay ratio

The ratio of our highest salary (£138,627) to our median salary (£36,414) is 3.8:1.

(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.



THE RATIO OF OUR HIGHEST SALARY (£138,627)  
TO OUR MEDIAN SALARY (£36,414) IS 3.8:1.



# FUTURE PLANS

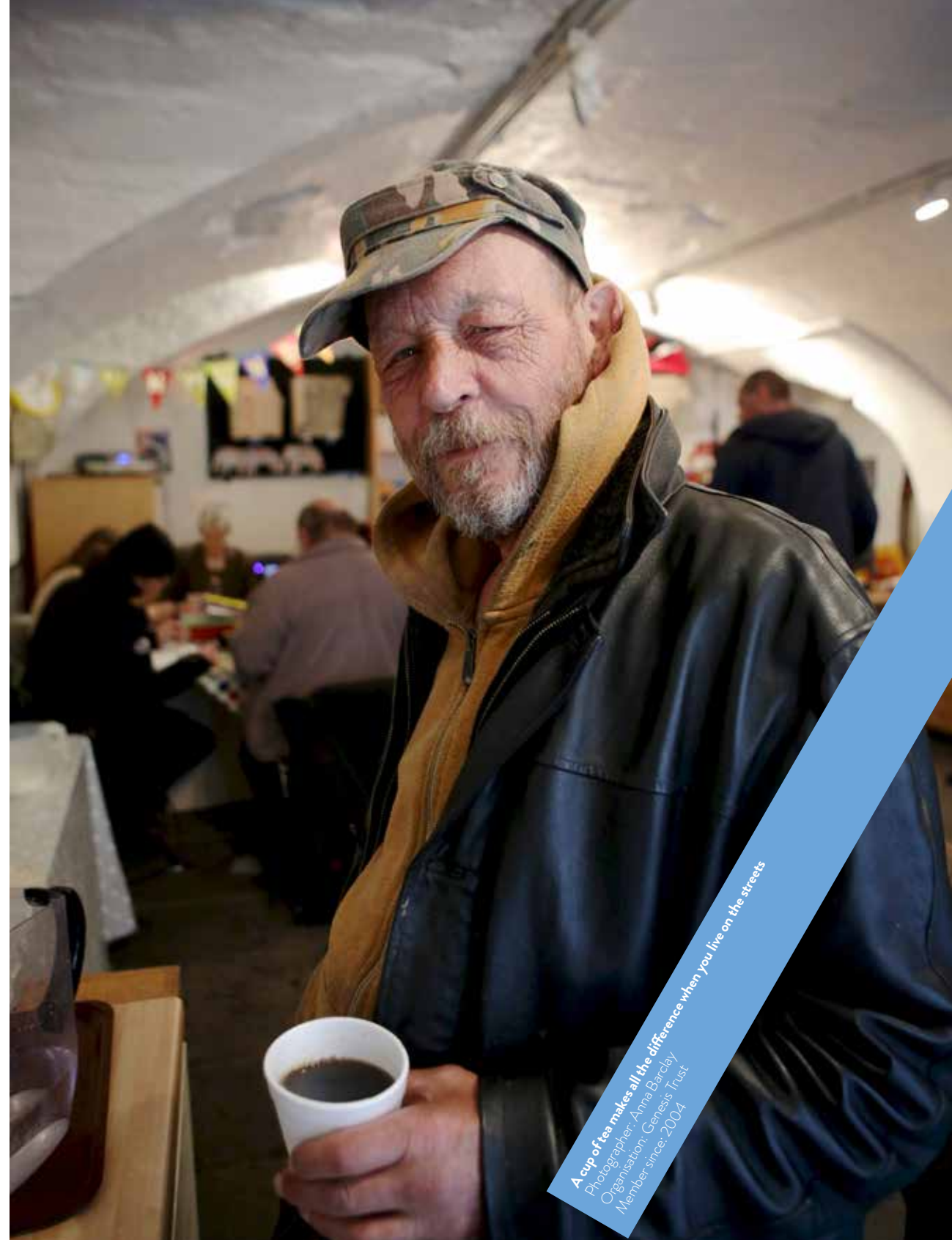


THIS YEAR, WE WILL BE PUTTING EXTRA EMPHASIS ON THE IMPORTANCE OF GOOD GOVERNANCE. WE AIM TO SHIFT CHARITY TRUSTEES' EXPECTATIONS IN TERMS OF STANDARDS OF GOVERNANCE.

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 2017/18 include continuing our work on Brexit: championing the sector's voice and expertise as any powers to make law or regulation are transferred to the UK. We will also keep members informed of the impact that changes may have on them. This year, we will be putting extra emphasis on the importance of good governance. We aim to shift charity trustees' expectations in terms of standards of governance.

We will also continue to work for high-quality volunteering in public services, as we know it's a way to improve both the capacity and quality of our public services. We will help organisations to evaluate and communicate their impact and will work to help communicate the collective impact of the sector. We want to help our members to be as effective as possible, so we will review our advice and support offer to ensure it is coherent and accessible, taking particular care to make sure small and local members feel they have all the help they need from us.



A cup of tea makes all the difference when you live on the streets  
Photographer: Anna Barclay  
Organisation: Genesis Trust  
Member since: 2004



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.

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 we have robust policies and procedures to secure our systems against data breaches and that we update our data protection policies and procedures to be ready for the implementation of the General Data Protection Regulations (GDPR) in May 2018.

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.

#### 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 12,750 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 20 November 2016.

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

Approved by the trustee board and signed on their behalf.

#### Peter Kellner

Chair

18 September 2017

# PRINCIPAL RISKS AND UNCERTAINTIES

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.

# INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE NCVO

We have audited the financial statements of The National Council for Voluntary Organisations for the year ended 31 March 2017 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).

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

## Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. 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 parent charity's affairs as at 31 March 2017 and of the group's and parent charity's incoming resources and application of resources, including the 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 and the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report and trustees' report.

## Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent charity, 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, UK

18 September 2017

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

## Statement of financial activities for the group and charity (including Income & Expenditure Account)

For the year ended 31 March 2017

|                                   | Notes | Unrestricted Funds<br>£'000 | Restricted Funds<br>£'000 | Total Funds<br>2017<br>£'000 | Total Funds<br>2016<br>£'000 |
|-----------------------------------|-------|-----------------------------|---------------------------|------------------------------|------------------------------|
| <b>Income from:</b>               |       |                             |                           |                              |                              |
| Donations and legacies            | 2     | 1,721                       | 39                        | 1,760                        | 1,649                        |
| Charitable activities:            | 3     |                             |                           |                              |                              |
| Membership subscriptions          |       | 1,000                       | -                         | 1,000                        | 973                          |
| Advisory services and information |       | 832                         | 342                       | 1,174                        | 2,389                        |
| Campaigns and communications      |       | 25                          | 41                        | 66                           | 86                           |
| Education and training            |       | 837                         | -                         | 837                          | 829                          |
| Policy                            |       | 2                           | -                         | 2                            | 11                           |
| Research                          |       | 163                         | 172                       | 335                          | 332                          |
| Other trading activities          | 4     | 2,958                       | -                         | 2,958                        | 2,866                        |
| Investments                       | 5     | 78                          | -                         | 78                           | 76                           |
| Other:                            |       |                             |                           |                              |                              |
| Incoming resources from merger    |       | -                           | -                         | -                            | 123                          |
| <b>Total</b>                      |       | <b>7,616</b>                | <b>594</b>                | <b>8,210</b>                 | <b>9,334</b>                 |
| <b>Expenditure on:</b>            |       |                             |                           |                              |                              |
|                                   | 6     |                             |                           |                              |                              |
| Raising funds                     |       | 1,309                       | -                         | 1,309                        | 1,164                        |
| Charitable expenditure            |       |                             |                           |                              |                              |
| Advisory services and information |       | 2,890                       | 544                       | 3,434                        | 4,487                        |
| Campaigns and communications      |       | 1,214                       | 69                        | 1,283                        | 1,432                        |
| Education and training            |       | 1,046                       | -                         | 1,046                        | 1,181                        |
| Policy                            |       | 331                         | -                         | 331                          | 359                          |
| Research                          |       | 646                         | 181                       | 827                          | 779                          |
| Other                             |       | 158                         | -                         | 158                          | 111                          |
| <b>Total</b>                      |       | <b>7,594</b>                | <b>794</b>                | <b>8,388</b>                 | <b>9,513</b>                 |

|   | Notes     | Unrestricted Funds<br>£'000 | Restricted Funds<br>£'000 | Total Funds<br>2017<br>£'000 | Total Funds<br>2016<br>£'000 |
|---|-----------|-----------------------------|---------------------------|------------------------------|------------------------------|
| Net income/(expenditure) before investment gains/(losses) |           | 22                          | (200)                     | (178)                        | (179)                        |
| Net gain/(loss) on investment                             |           | 255                         | -                         | 255                          | (128)                        |
| <b>Net income/(expenditure)</b>                           |           | <b>277</b>                  | <b>(200)</b>              | <b>77</b>                    | <b>(307)</b>                 |
| Transfers between funds                                   |           | -                           | -                         | -                            | -                            |
|   |           | <b>277</b>                  | <b>(200)</b>              | <b>77</b>                    | <b>(307)</b>                 |
| <b>Other recognised gains/(losses)</b>                    |           |                             |                           |                              |                              |
| Share of operating profit of joint ventures               |           | 45                          | -                         | 45                           | 31                           |
| Actuarial (loss)/gain on defined benefit scheme           | 19        | (612)                       | -                         | (612)                        | 1,578                        |
| <b>Net movement in funds</b>                              |           | <b>(290)</b>                | <b>(200)</b>              | <b>(490)</b>                 | <b>1,302</b>                 |
| Total funds at 1 April 2016                               |           | 2,266                       | 342                       | 2,608                        | 1,306                        |
| <b>Total funds at 31 March 2017</b>                       | <b>17</b> | <b>1,976</b>                | <b>142</b>                | <b>2,118</b>                 | <b>2,608</b>                 |

The statement of financial activities (SOFA) includes all gains and losses recognised in the year. Disclosure of the split of 2016 comparatives is shown in the notes to the accounts. Total unrestricted income was £7.6m (£8m 2016) and total unrestricted expenditure was £7.6m (£8m 2016). Movements in funds are disclosed in note 17 to the financial statements. The net movement in funds includes £207k of unrealised investment gains. Net realised expenditure for the year was £178k (net realised expenditure £179k 2016).



## Group and charity balance sheet

As at 31 March 2017

|   | Notes | Consolidated<br>2017<br>£'000 | Consolidated<br>2016<br>£'000 | NCVO<br>2017<br>£'000 | NCVO<br>2016<br>£'000 |
|---|-------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| <b>Fixed assets</b>                                   |       |                               |                               |                       |                       |
| Tangible fixed assets                                 | 9     | 4,640                         | 4,958                         | 4,640                 | 4,958                 |
| Investments   | 10    | 2,297                         | 2,031                         | 2,297                 | 2,031                 |
| Inv in JV – Share of gross assets                     |       | 85                            | 45                            | -                     | -                     |
| Inv in JV – Share of gross liabilities                |       | (30)                          | (23)                          | -                     | -                     |
| Net inv in JV   |       | 55                            | 22                            | -                     | -                     |
|   |       | 6,992                         | 7,011                         | 6,937                 | 6,989                 |
| <b>Current assets</b>                                 |       |                               |                               |                       |                       |
| Stocks  | 11    | 14                            | 10                            | 14                    | 10                    |
| Debtors   | 12    | 1,413                         | 2,449                         | 2,094                 | 3,179                 |
| Cash at bank and in hand                              |       | 2,531                         | 1,813                         | 1,793                 | 1,079                 |
|   |       | 3,958                         | 4,272                         | 3,901                 | 4,268                 |
| <b>Creditors:</b> amounts falling due within one year | 13    | (2,426)                       | (2,520)                       | (2,223)               | (2,371)               |
| <b>Net current assets</b>                             |       | 1,532                         | 1,752                         | 1,678                 | 1,897                 |
| <b>Total assets less current liabilities</b>          |       | 8,524                         | 8,763                         | 8,615                 | 8,886                 |
| <b>Creditors:</b> amounts falling due after one year  | 14    | (1,913)                       | (1,980)                       | (1,913)               | (1,980)               |
| <b>Net assets excluding pension liability</b>         |       | 6,611                         | 6,783                         | 6,702                 | 6,906                 |
| <b>Defined benefit pension scheme liability</b>       | 19    | (4,493)                       | (4,175)                       | (4,493)               | (4,175)               |
| <b>Net assets</b>                                     |       | 2,118                         | 2,608                         | 2,209                 | 2,731                 |

|   | Notes | Consolidated<br>2017<br>£'000 | Consolidated<br>2016<br>£'000 | NCVO<br>2017<br>£'000 | NCVO<br>2016<br>£'000 |
|---|-------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| <b>Funds</b>                                      |       |                               |                               |                       |                       |
| <b>Restricted funds</b>                           |       | 142                           | 342                           | 142                   | 342                   |
| <b>Unrestricted funds</b>                         |       |                               |                               |                       |                       |
| Pension reserve                                   |       | (4,493)                       | (4,175)                       | (4,493)               | (4,175)               |
| Designated funds                                  |       | 3,020                         | 3,293                         | 3,020                 | 3,293                 |
| General funds                                     |       | 3,449                         | 3,148                         | 3,540                 | 3,271                 |
| <b>Total funds</b>                                | 16    | 2,118                         | 2,608                         | 2,209                 | 2,731                 |
| <b>NCVO net (expenditure)/income for the year</b> |       |                               |                               | (522)                 | 1,335                 |

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

**Peter Kellner**  
Chair  
18 September 2017

**Bruce Gordon**  
Treasurer  
18 September 2017

## Group cash flow statement

For the year ended 31 March 2017

|  | Notes | 2017<br>£'000 | 2016<br>£'000 |
|--|-------|---------------|---------------|
| <b>Cash flows from operating activities:</b>               |       |               |               |
| <b>Net cash provided by/(used by) operating activities</b> | 18    | 798           | (419)         |
| <b>Cash flows from investing activities:</b>               |       |               |               |
| Dividends and interest                                     |       | 78            | 76            |
| Cash on merger   |       | -             | 123           |
| Cash received from joint ventures                          |       | 12            | 55            |
| Purchase of fixed assets                                   |       | (13)          | (209)         |
| Proceeds from sale of investments                          |       | 2,887         | -             |
| Purchase of investments                                    |       | (2,807)       | -             |
| <b>Net cash provided by investing activities</b>           |       | 157           | 45            |
| <b>Cash flows from financing activities:</b>               |       |               |               |
| Repayment of loan (capital and interest)                   |       | (146)         | (163)         |
| <b>Net cash (used by) financing activities</b>             |       | (146)         | (163)         |
| Change in cash and cash equivalents in the year            |       | 809           | (537)         |
| Cash and cash equivalents at the beginning of the year     |       | 1,813         | 2,350         |
| <b>Cash and cash equivalents at the end of the year</b>    |       | 2,622         | 1,813         |
| <b>Analysis of cash and cash equivalents</b>               |       |               |               |
|  |       | £'000         | £'000         |
| Cash at bank and in hand                                   |       | 2,531         | 1,813         |
| Cash held in investment portfolio                          | 10    | 91            | -             |
| <b>Total cash and cash equivalents</b>                     |       | 2,622         | 1,813         |

## 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.

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 £350,000 at March 2017 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 expenditure in relation to staff members who are directly engaged in fundraising, business development, the conference suite and the related costs.

#### 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.



1 Accounting policies (continued)

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 the 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 valued at bid price funds and stated at market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA.

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 reflect 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.

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.



Supporting young people to go above and beyond  
 Photographer: Francisco Augusto  
 Organisation: London Youth  
 Member since 2006

## Notes to the financial statements

For the year ended 31 March 2017

### 2 Donations and legacies

|  | Unrestricted funds<br>2017<br>£'000 | Restricted funds<br>2017<br>£'000 | Total funds<br>2017<br>£'000 | Unrestricted funds<br>2016<br>£'000 | Restricted funds<br>2016<br>£'000 | Total funds<br>2016<br>£'000 |
|--|-------------------------------------|-----------------------------------|------------------------------|-------------------------------------|-----------------------------------|------------------------------|
| Donations through Charities Aid Foundation | 1,700                               | -                                 | 1,700                        | 1,531                               | -                                 | 1,531                        |
| Merger grant                               | -                                   | -                                 | -                            | -                                   | 25                                | 25                           |
| Other donations and voluntary income       | 21                                  | 39                                | 60                           | 81                                  | 12                                | 93                           |
|  | 1,721                               | 39                                | 1,760                        | 1,612                               | 37                                | 1,649                        |

### 3 Charitable activities

|                                   | Membership subscriptions,<br>conference delegate<br>fees and charitable<br>purpose contracts<br>2017<br>£'000 | Unrestricted grants<br>and sponsorships<br>2017<br>£'000 | Restricted grants<br>and sponsorships<br>2017<br>£'000 | Total<br>2017<br>£'000 |
|-----------------------------------|---|--|--|------------------------|
| Membership subscriptions          | 1,000   | -  | -  | 1,000                  |
| Advisory services and information | 832   | -  | 342  | 1,174                  |
| Campaigns and communications      | 7   | 18   | 41   | 66                     |
| Education and training            | 792   | 45   | -  | 837                    |
| Policy                            | 2   | -  | -  | 2                      |
| Research                          | 157   | 6  | 172  | 335                    |
|                                   | 2,790   | 69   | 555  | 3,414                  |

|                                   | Membership subscriptions,<br>conference delegate<br>fees and charitable<br>purpose contracts<br>2016<br>£'000 | Unrestricted grants<br>and sponsorships<br>2016<br>£'000 | Restricted grants<br>and sponsorships<br>2016<br>£'000 | Total<br>2016<br>£'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                  |

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 3 Charitable activities – grants and project income

|   | Total<br>Funds<br>2017<br>£'000 | Total<br>Funds<br>2016<br>£'000 |
|---|---------------------------------|---------------------------------|
| <b>Unrestricted</b>   |                                 |                                 |
| Just Giving - NCVO Knowhow Nonprofit  | -                               | 35                              |
| Scottish Widows - Evolve  | -                               | 15                              |
| Phoenix - website   | 15                              | 15                              |
| Other unrestricted income under £15,000   | 54                              | 67                              |
| <b>Total unrestricted</b>   | <b>69</b>                       | <b>132</b>                      |
| <b>Restricted</b>   |                                 |                                 |
| New Philanthropy Capital – NCVO Charities Evaluation Services                             | 42                              | 15                              |
| Big Lottery Fund – PQASSO Wales   | 191                             | 269                             |
| Arts Council – Cultural Commissioning (over accrual in prior year)                        | (6)                             | 225                             |
| Department of Health – Volunteering in Care Homes (repaid at end of project)              | (2)                             | 200                             |
| Office for Civil Society – Compact Voice  | -                               | 246                             |
| Joseph Rowntree Foundation – Strengthening the Voluntary Sector's Voice in Welfare Reform | -                               | 1                               |
| National Endowment for Democracy – Civil Society Networking in Egypt                      | -                               | (1)                             |
| Department for Work and Pensions – European Social Fund                                   | -                               | 59                              |
| Foreign and Commonwealth Office – Arab Partnership: Building Bridges                      | -                               | 7                               |
| Trust for London – NCVO's Charities Evaluation Service                                    | -                               | 15                              |
| The Legal Education Foundation – Legal Information Audit                                  | 6                               | 7                               |
| NHS England – Enhancing Volunteering in NHS Trusts through liV                            | -                               | 10                              |
| City Bridge Trust – Effectiveness of mentoring and befriending projects                   | 41                              | 57                              |
| Lloyds Bank Foundation for England and Wales – Almanac for small and medium charities     | -                               | 49                              |
| Economic and Social Research Council – Data partnership                                   | 21                              | 23                              |
| Economic and Social Research Council – Data entry   | 48                              | 33                              |

| <b>Restricted (continued)</b>                                  | Total<br>Funds<br>2015<br>£'000 | Total<br>Funds<br>2014<br>£'000 |
|--|---------------------------------|---------------------------------|
| ukactive – Asda Active Sports Leaders                          | -                               | 27                              |
| Barrow Cadbury Trust – Governance Code                         | 6                               | -                               |
| Clothworkers' Foundation – Governance Code                     | 6                               | -                               |
| Garfield Weston – Funding Central                              | 20                              | -                               |
| Esmée Fairbairn Foundation – Funding Central                   | 20                              | -                               |
| Fidelity Foundation – Funding Central                          | 20                              | -                               |
| Lloyds Bank Foundation – Funding Central                       | 5                               | -                               |
| Kleinwort Benson Foundation – Funding Central                  | 5                               | -                               |
| Big Lottery Fund – Care Homes                                  | 24                              | -                               |
| Clinks – State of the sector                                   | 16                              | -                               |
| Esmée Fairbairn Foundation – Anti-advocacy work                | 20                              | -                               |
| Lloyds Bank Foundation – Anti-advocacy work                    | 7                               | -                               |
| Barrow Cadbury Trust – Anti-advocacy work                      | 7                               | -                               |
| Lankelly Chase – Anti-advocacy work                            | 7                               | -                               |
| Other grants under £15,000 (not requiring separate disclosure) | 51                              | 36                              |
| <b>Total restricted</b>  | <b>555</b>                      | <b>1,278</b>                    |
| <b>Total grants and project income</b>                         | <b>624</b>                      | <b>1,410</b>                    |



## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 4 Other trading activities (all unrestricted)

|                       | 2017<br>£'000 | 2016<br>£'000 |
|-----------------------|---------------|---------------|
| Brokered services     | 242           | 314           |
| Conference suite hire | 1,563         | 1,414         |
| Fees for services     | 1,077         | 1,051         |
| Publications          | 76            | 87            |
|                       | 2,958         | 2,866         |

### 5 Investments (all unrestrcited)

|           | Unrestricted<br>Funds<br>2017<br>£'000 | Restricted<br>Funds<br>2016<br>£'000 |
|-----------|--|--------------------------------------|
| Dividends | 78                                     | 76                                   |

### 6 Expenditure

|                                   | Staff<br>costs<br>2017<br>£'000 | Premises<br>costs<br>2017<br>£'000 | Grant-<br>making<br>2017<br>£'000 | Support<br>costs<br>2017<br>£'000 | Other<br>expenses<br>2017<br>£'000 | Governance<br>costs<br>2017<br>£'000 | Total<br>2017<br>£'000 |
|-----------------------------------|---------------------------------|------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|--------------------------------------|------------------------|
| Raising funds                     | 903                             | 47                                 | -                                 | 86                                | 259                                | 14                                   | 1,309                  |
| Charitable expenditure:           |                                 |                                    |                                   |                                   |                                    |                                      |                        |
| Advisory services and information | 1,883                           | 135                                | 47                                | 241                               | 1,088                              | 40                                   | 3,434                  |
| Campaigns and communications      | 895                             | 62                                 | -                                 | 114                               | 193                                | 19                                   | 1,283                  |
| Education                         | 510                             | 39                                 | -                                 | 65                                | 421                                | 11                                   | 1,046                  |
| Policy                            | 267                             | 18                                 | -                                 | 33                                | 8                                  | 5                                    | 331                    |
| Research                          | 591                             | 38                                 | -                                 | 70                                | 117                                | 11                                   | 827                    |
| Other                             | 36                              | -                                  | 50                                | -                                 | 72                                 | -                                    | 158                    |
|                                   | 5,085                           | 339                                | 97                                | 609                               | 2,158                              | 100                                  | 8,388                  |

### 6 Expenditure (continued)

|                                   | Staff<br>costs<br>2016<br>£'000 | Premises<br>costs<br>2016<br>£'000 | Grant-<br>making<br>2016<br>£'000 | Support<br>costs<br>2016<br>£'000 | Other<br>expenses<br>2016<br>£'000 | Governance<br>costs<br>2016<br>£'000 | Total<br>2016<br>£'000 |
|-----------------------------------|---------------------------------|------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|--------------------------------------|------------------------|
| Raising funds                     | 844                             | 40                                 | -                                 | 65                                | 197                                | 18                                   | 1,164                  |
| Charitable expenditure:           |                                 |                                    |                                   |                                   |                                    |                                      |                        |
| 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                    |
| Other                             | 27                              | 2                                  | -                                 | 3                                 | 78                                 | 1                                    | 111                    |
|                                   | 5,962                           | 336                                | 151                               | 561                               | 2,350                              | 153                                  | 9,513                  |

Other expenses include commissioning £1.3m (£1.4m 2016); consumables £0.2m (£0.2m 2016) and events £0.2m (£0.3m 2016). Commissioning includes fees for website development, including for Funding Central and PQASSO, and for associates and assessors.

#### Support costs are made up of the following expenditure:

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| Rent and other accommodation costs          | 250           | 237           |
| Travel costs                                | 24            | 28            |
| Telephone, printing, postage and stationery | 35            | 43            |
| Equipment and IT costs                      | 137           | 124           |
| Professional fees and consultancy           | 145           | 115           |
| Other overheads                             | 18            | 14            |
| Total                                       | 609           | 561           |

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 6 Expenditure (continued)

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

|  | Total funds<br>2017<br>£'000 | Total funds<br>2016<br>£'000 |
|--|------------------------------|------------------------------|
| <b>Volunteering in care homes</b>                    |                              |                              |
| Voluntary Action Oldham                              | -                            | 8                            |
| South Derbyshire CVS                                 | -                            | 8                            |
| Blackburn and Darwen Community and Voluntary Service | -                            | 8                            |
| Shropshire RCC                                       | -                            | 8                            |
| One Westminster                                      | -                            | 8                            |
|  | -                            | 40                           |
| <b>Cultural Commissioning</b>                        |                              |                              |
| Nef Consulting                                       | 42                           | 20                           |
| New Philanthropy Capital                             | 5                            | 8                            |
| New Economic Foundation                              | -                            | 13                           |
|  | 47                           | 41                           |
| <b>Masterclasses</b>                                 |                              |                              |
| Involve Yorkshire and Humber                         | -                            | 16                           |
| NAVCA  | -                            | 9                            |
|  | -                            | 25                           |
| <b>Compact Voice</b>                                 |                              |                              |
| VONNE  | -                            | 15                           |
| Voscur Ltd   | -                            | 15                           |
| Voluntary Sector North West                          | -                            | 15                           |
|  | -                            | 45                           |
| <b>CASS Fellowship</b>                               | 50                           | -                            |
| <b>Total grants and partnership fees paid</b>        | 97                           | 151                          |

Dr Justin Davis Smith, who was previously a member of NCVO's senior management team and left the organisation on 31 March 2016, was subsequently employed by CASS Business School to undertake research, lecturing and academic studies on volunteering. The grant of £50k contributes to this work programme.

### 7 Employees

|                                    | 2017<br>£'000 | 2016<br>£'000 |
|------------------------------------|---------------|---------------|
| Wages and salaries                 | 3,859         | 4,290         |
| Social security                    | 385           | 445           |
| Pension costs                      | 450           | 523           |
| Redundancy costs                   | 41            | 187           |
| Temporary staff and staff training | 394           | 575           |
|                                    | 5,129         | 6,020         |

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

|                                   | 2017<br>number | 2016<br>number |
|-----------------------------------|----------------|----------------|
| Generating funds                  | 13             | 13             |
| Advisory services and information | 38             | 47             |
| Campaigns and communications      | 18             | 21             |
| Education and training            | 10             | 11             |
| Policy                            | 5              | 6              |
| Research                          | 11             | 11             |
|                                   | 95             | 109            |

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:

|                   | 2017<br>number | 2016<br>number |
|-------------------|----------------|----------------|
| £70,000-£80,000   | -              | 2              |
| £80,000-£90,000   | 3              | 2              |
| £130,000-£140,000 | 1              | 1              |
| £170,000-£180,000 | -              | 1              |

Three of the above staff are members of the defined contribution pension scheme (5 2016). None are currently paying contributions into the defined benefit scheme. The pension costs for these employees are £22,029 (£39,119 2016).

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 7 Employees (continued)

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 2016/17 are included in the trustees' report. The amounts paid to the senior management team during 2016/17 were:

|                        |  | Salary<br>£ | Employer's<br>NIC<br>£ | Pension<br>contributions<br>£ | Total<br>2016/17<br>£ | Total<br>2015/16<br>£ |
|------------------------|--|-------------|------------------------|-------------------------------|-----------------------|-----------------------|
| Sir Stuart Etherington | Chief Executive                                | 136,046     | 17,655                 | -                             | 153,701               | 150,531               |
| Susan Cordingley       | Director of Planning and Resources             | 86,389      | 10,355                 | 7,343                         | 104,087               | 65,856                |
| Dr Justin Davis Smith  | Director of Volunteering and Development       | -           | -                      | -                             | -                     | 199,895               |
| Coral Newton           | Director of Planning and Resources (job share) | -           | -                      | -                             | -                     | 6,407                 |
| Sarah Welsh            | Planning and Resources (job share)             | -           | -                      | -                             | -                     | 12,613                |
| Dr Karl Wilding        | Director of Public Policy                      | 86,389      | 9,934                  | 7,343                         | 103,666               | 101,487               |
| Richard Williams       | Director of Enterprise                         | 86,389      | 10,841                 | 7,343                         | 104,573               | 102,523               |

### 8 Net income/(expenditure) for the year

| This is stated after charging:   | 2017<br>£'000 | 2016<br>£'000 |
|----------------------------------|---------------|---------------|
| Auditor's remuneration           |               |               |
| – audit fees                     | 26            | 29            |
| – other                          | -             | -             |
| Depreciation                     | 331           | 326           |
| Amortisation of goodwill         | -             | 9             |
| Bank charges                     | 15            | 9             |
| Bank interest – on building loan | 44            | 58            |
| Trustees' expenses               | 4             | 7             |

No members of the trustee board received any remuneration during the year. Expenses do not form part of remuneration and are separately disclosed below. NCVO has corporate membership of the House of St Barnabas, a social enterprise organisation which is a member of NCVO. A number of senior staff and trustees are included in this corporate membership, which means they can use the meeting rooms and other facilities at The House of St Barnabas. 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<br>2017<br>£ | UK Travel<br>2017<br>£ | Entertaining/<br>networking<br>2017<br>£ | Overseas<br>travel<br>2017<br>£ | Other<br>2016/17<br>£ | Total<br>claimed<br>2017<br>£ | Total<br>claimed<br>2016<br>£ |
|--|--------------------------|------------------------|--|---------------------------------|-----------------------|-------------------------------|-------------------------------|
| Chief Executive's Office                           | 189                      | 7,651                  | 6,265                                    | 1,699                           | 320                   | 16,124                        | 18,220                        |
| Director of Public Policy                          | 466                      | 2,626                  | 973                                      | -                               | 230                   | 4,295                         | 2,723                         |
| Executive Director of Volunteering and Development | -                        | 49                     | -  | -                               | -                     | 49                            | 2,707                         |
| Director of Planning and Resources                 | -                        | 50                     | 37                                       | -                               | -                     | 87                            | 53                            |
| Director of Enterprise                             | 130                      | 1,226                  | 2,165                                    | -                               | -                     | 3,521                         | 3,373                         |
|  | <b>785</b>               | <b>11,602</b>          | <b>9,440</b>                             | <b>1,699</b>                    | <b>550</b>            | <b>24,076</b>                 | <b>27,076</b>                 |
| Trustees   | 834                      | 2,093                  | 757                                      | -                               | -                     | 3,684                         | 6,505                         |
| Members' assembly                                  | -                        | 877                    | -  | -                               | -                     | 877                           | 359                           |

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

Travel and subsistence expenses reimbursed to eight trustees in the period amounted to £3,684 (£6,505 2016), including amounts paid directly by NCVO.

Travel and subsistence expenses incurred by other Members' Assembly members amounted to £877 (£359 2016).



## Notes to the financial statements (continued)

For the year ended 31 March 2017

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

|                       | Freehold land<br>and buildings<br>£'000 | Plant and<br>equipment<br>£'000 | Computer<br>equipment<br>£'000 | Fixtures and<br>fittings<br>£'000 | Total<br>£'000 |
|-----------------------|---|---------------------------------|--------------------------------|-----------------------------------|----------------|
| <b>Cost</b>           |   |                                 |                                |                                   |                |
| At 1 April 2016       | 4,919                                   | 916                             | 1,356                          | 1,946                             | 9,137          |
| Additions             | -                                       | 5                               | 7                              | 1                                 | 13             |
| Disposals             | -                                       | -                               | -                              | -                                 | -              |
| At 31 March 2017      | 4,919                                   | 921                             | 1,363                          | 1,947                             | 9,150          |
| <b>Depreciation</b>   |   |                                 |                                |                                   |                |
| At 1 April 2016       | 1,620                                   | 144                             | 1,091                          | 1,324                             | 4,179          |
| Charge for the year   | 99                                      | 47                              | 87                             | 98                                | 331            |
| Disposals             | -                                       | -                               | -                              | -                                 | -              |
| At 31 March 2017      | 1,719                                   | 191                             | 1,178                          | 1,422                             | 4,510          |
| <b>Net book value</b> |   |                                 |                                |                                   |                |
| At 31 March 2016      | 3,299                                   | 772                             | 265                            | 622                               | 4,958          |
| At 31 March 2017      | 3,200                                   | 730                             | 185                            | 525                               | 4,640          |

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)

|                                   | Listed<br>£'000 | Cash<br>£'000 | Total<br>£'000 |
|-----------------------------------|-----------------|---------------|----------------|
| <b>Market value</b>               |                 |               |                |
| At 1 April 2016                   | 2,031           | -             | 2,031          |
| Purchase of investments           | 2,807           | (2,807)       | -              |
| Sale of investments               | (2,888)         | 2,888         | -              |
| Net realised gains                | 49              | -             | 49             |
| Unrealised investment gain        | 207             | -             | 207            |
| Dividend income not yet paid over | -               | 22            | 22             |
| Investment management fees        | -               | (11)          | (11)           |
| Exchange loss                     | -               | (1)           | (1)            |
| At 31 March 2017                  | 2,206           | 91            | 2,297          |

NCVO Trading Limited is a wholly owned subsidiary of NCVO and 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. The accounting reference date of both joint ventures is 31 March.

### 11 Stocks (group and charity)

|              | 2017<br>£'000 | 2016<br>£'000 |
|--------------|---------------|---------------|
| Publications | 14            | 10            |

### 12 Debtors

|                            | Consolidated<br>2017<br>£'000 | Consolidated<br>2016<br>£'000 | NCVO<br>2017<br>£'000 | NCVO<br>2016<br>£'000 |
|----------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| Debtors                    | 861                           | 2,072                         | 618                   | 1,866                 |
| Accrued income             | 341                           | 238                           | 300                   | 150                   |
| Amount due from subsidiary | -                             | -                             | 967                   | 1,026                 |
| Prepayments                | 211                           | 139                           | 209                   | 137                   |
|                            | 1,413                         | 2,449                         | 2,094                 | 3,179                 |

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

|                                   | Consolidated<br>2017<br>£'000 | Consolidated<br>2016<br>£'000 | NCVO<br>2017<br>£'000 | NCVO<br>2016<br>£'000 |
|-----------------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| Bank loan (secured – see note 14) | 93                            | 128                           | 93                    | 128                   |
| Taxation and social security      | 240                           | 380                           | 168                   | 357                   |
| Other creditors                   | 341                           | 329                           | 331                   | 317                   |
| Accrued expenditure               | 478                           | 477                           | 453                   | 424                   |
| Deferred income                   | 1,274                         | 1,206                         | 1,178                 | 1,145                 |
|                                   | 2,426                         | 2,520                         | 2,223                 | 2,371                 |

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 13 Creditors: amounts falling due within one year (continued)

| Deferred income consists of | Consolidated<br>2017<br>£'000 | Consolidated<br>2016<br>£'000 | NCVO<br>2017<br>£'000 | NCVO<br>2016<br>£'000 |
|-----------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| Deferred income             | 606                           | 555                           | 751                   | 494                   |
| Membership subscriptions    | 668                           | 651                           | 427                   | 651                   |
|                             | 1,274                         | 1,206                         | 1,178                 | 1,145                 |

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

|                                   | Consolidated<br>2017<br>£'000 | Consolidated<br>2016<br>£'000 | NCVO<br>2017<br>£'000 | NCVO<br>2016<br>£'000 |
|-----------------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| Membership deferred over one year | 40                            | 40                            | 40                    | 40                    |
| Bank loan (secured)               | 1,873                         | 1,940                         | 1,873                 | 1,940                 |
|                                   | 1,913                         | 1,980                         | 1,913                 | 1,980                 |
| Analysis of loan repayments       |                               |                               |                       |                       |
| Within one year                   | 93                            | 128                           | 93                    | 128                   |
| Between one and two years         | 93                            | 512                           | 93                    | 512                   |
| Between two and five years        | 1,780                         | 1,428                         | 1,780                 | 1,428                 |
| Balance at 31 March               | 1,966                         | 2,068                         | 1,966                 | 2,068                 |

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 +1.75% for a 20-year period with a five-year renewable term in July 2021.

### 15 Operating lease

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:

|                   | 2017<br>£'000 | 2016<br>£'000 |
|-------------------|---------------|---------------|
| Within one year   | 3             | 11            |
| Two to five years | -             | 3             |
|                   | 3             | 14            |

## 16 Analysis of net group assets

|  | Unrestricted<br>general<br>2017<br>£'000 | Unrestricted<br>designated<br>2017<br>£'000 | Restricted<br>2017<br>£'000 | Total funds<br>excluding<br>pension<br>fund<br>2017<br>£'000 | Pension<br>fund<br>2017<br>£'000 | Total<br>2017<br>£'000 |
|--|--|---|-----------------------------|--|----------------------------------|------------------------|
| Tangible fixed assets                            | -  | 4,640                                       | -                           | 4,640  | -                                | 4,640                  |
| Investments                                      | 2,352                                    | -   | -                           | 2,352  | -                                | 2,352                  |
| Net current assets (excluding loan)              | 1,137                                    | 346   | 142                         | 1,625  | -                                | 1,625                  |
| Deferred membership due after more than one year | (40)                                     | -   | -                           | (40)   | -                                | (40)                   |
| Pension fund                                     | -  | -   | -                           | -  | (4,493)                          | (4,493)                |
| Loan   | -  | (1,966)                                     | -                           | (1,966)  | -                                | (1,966)                |
| Total  | 3,449                                    | 3,020                                       | 142                         | 6,611  | (4,493)                          | 2,118                  |

NCVO's readily realisable reserves of £3.4m (£3.1m 2016) are made up of investments and net current assets, adjusted for loans.

|                                     | Unrestricted<br>general<br>2016<br>£'000 | Unrestricted<br>designated<br>2016<br>£'000 | Restricted<br>2016<br>£'000 | Total funds<br>excluding<br>pension<br>fund<br>2016<br>£'000 | Pension<br>fund<br>2016<br>£'000 | Total<br>2016<br>£'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)                |
| Total                               | 3,148                                    | 3,293                                       | 342                         | 6,783  | (4,175)                          | 2,608                  |

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 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<br>1 April<br>2016<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Transfers<br>£'000 | Net<br>gain/loss<br>£'000 | Balance<br>31 March<br>2017<br>£'000 |
|------------------------|-------------------------------------|-----------------|----------------------|--------------------|---------------------------|--------------------------------------|
| Fixed assets           | 2,890                               | -               | -                    | (216)              | -                         | 2,674                                |
| Property maintenance   | 28                                  | -               | -                    | -                  | -                         | 28                                   |
| Centenary fund         | 375                                 | -               | (57)                 | -                  | -                         | 318                                  |
| Total designated funds | 3,293                               | -               | (57)                 | (216)              | -                         | 3,020                                |
| Unrestricted           | 3,148                               | 7,661           | (7,312)              | (303)              | 255                       | (3,449)                              |
| Pension reserves       | (4,175)                             | -               | (225)                | 519                | (612)                     | (4,493)                              |
| Total general funds    | 2,266                               | 7,661           | (7,594)              | -                  | (357)                     | 1,976                                |

The total income figure of £7.7m includes the share of operating profit of the joint ventures referenced on the SOFA.

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

The total income figure of £8m includes the share of the 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's 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.

### 17 Movement in group funds (continued)

| Restricted funds 2016/17  | 1 April<br>2016<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | 31 March<br>2017<br>£'000 |
|---|--------------------------|-----------------|----------------------|---------------------------|
| NCVO Charities Evaluation Services: Calouste Gulbenkian Foundation                      | 28                       | -               | (25)                 | 3                         |
| NCVO Charities Evaluation Services: New Philanthropy Capital                            | 7                        | 42              | (34)                 | 15                        |
| NCVO Charities Evaluation Services: Trust for London                                    | 10                       | -               | -                    | 10                        |
| PQASSO Wales: Big Lottery Fund  | 34                       | 191             | (225)                | -                         |
| Cultural Commissioning: Arts Council  | 188                      | (6)             | (137)                | 45                        |
| Volunteering in Care Homes: Department of Health  | 6                        | (2)             | (4)                  | -                         |
| Volunteering in Care Homes: Big Lottery Fund  | -                        | 24              | (24)                 | -                         |
| Governance: Code  | 5                        | 12              | (8)                  | 9                         |
| CSiS Charity Fund: Working for a Charity bursaries                                      | 2                        | -               | -                    | 2                         |
| Leadership (Legacy)   | 6                        | -               | (1)                  | 5                         |
| Compact Voice   | 3                        | -               | (3)                  | -                         |
| Enhancing volunteering in NHS Trusts through liV: NHS England                           | 10                       | -               | (10)                 | -                         |
| Volunteer Guidance: NHS   | -                        | 5               | (1)                  | 4                         |
| Effectiveness of mentoring and befriending projects: City Bridge Trust                  | 10                       | 41              | (51)                 | -                         |
| Data partnership including data entry: Economic Research Council                        | -                        | 69              | (68)                 | 1                         |
| Various: Plowden Fellowship   | 28                       | 6               | (9)                  | 25                        |
| Legal information audit: The Legal Education Foundation                                 | -                        | 6               | (6)                  | -                         |
| Funding Central   | -                        | 70              | (57)                 | 13                        |
| Anti-advocacy clause: various   | -                        | 41              | (41)                 | -                         |
| Various: Public Trust   | 5                        | 30              | (27)                 | 8                         |
| Other restricted grants and donations under £20,000 (not requiring separate disclosure) | -                        | 65              | (63)                 | 2                         |
| Total   | 342                      | 594             | (794)                | 142                       |



## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 17 Movement in group funds (continued)

Those areas with restricted funds to be carried forward into 2017/18 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.

- **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.

- **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).

- **Volunteer Guidance: NHS**

The project will identify and disseminate the emerging best practice in volunteering in this sector.

- **Data partnership including data entry: Economic Research Council**

Work to support the Almanac

- **Plowden Fellowship**

Fellowship to take up themes of good governance.

- **Funding Central**

Support for the Funding Central website, to enable organisations to continue to access fundraising opportunities despite the loss of government funding. Some specific pieces of development work were deferred to 2017/18.

- **Public Trust**

Work to preserve public trust and confidence in the sector.

| Restricted funds 2015/16   | 1 April 2015<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | 31 March 2016<br>£'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                   | 255             | (256)                | 188                    |
| Volunteering in Care Homes: Department of Health   | 9                     | 200             | (203)                | 6                      |
| Governance: Code   | 6                     | -               | (1)                  | 5                      |
| Local Policy Engagement: Lloyds Bank 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                      |
| 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 Bank 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 for 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 (not requiring separate disclosure)    | -                     | 37              | (37)                 | -                      |
| <b>Total</b>   | <b>532</b>            | <b>1,315</b>    | <b>(1,505)</b>       | <b>342</b>             |

# Notes to the financial statements (continued)

For the year ended 31 March 2017

## 17 Movement in group funds (continued)

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, UBS. The total value of the investments, which are held in a separate portfolio, stands at £1.1m (£1m 2016). In addition, £196k (£190k 2016) is held in a separate bank account. These funds are excluded from NCVO's accounts.

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

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| <b>Net income/(expenditure) for the year</b>  | 77            | (307)         |
| Adjustments for:  |               |               |
| Depreciation  | 331           | 326           |
| (Gain)/losses on investments  | (255)         | 128           |
| Amortisation of goodwill  | -             | 9             |
| Dividends and interest from investments   | (78)          | (76)          |
| Interest on bank loan   | 44            | 58            |
| Incoming resources from merger  | -             | (123)         |
| Non cash difference between defined benefit pension contributions paid and amount charged to SOFA | (294)         | (239)         |
| (Increase)/decrease in stocks   | (4)           | 3             |
| Decrease in debtors   | 1,036         | 130           |
| (Decrease) in creditors   | (59)          | (328)         |
| <b>Net cash provided by/(used in) operating activities</b>  | 798           | (419)         |

## 19 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.

### 19a Pension costs charge in the year

The amount of pensions costs charged within employee costs on the SOFA is as follows:

|                                      | Note | 2017<br>£'000 | 2016<br>£'000 |
|--------------------------------------|------|---------------|---------------|
| Defined contribution scheme costs    |      | 225           | 255           |
| Defined benefit scheme expenses      |      | 87            | 88            |
| Defined benefit scheme interest cost |      | 138           | 180           |
| <b>Total cost</b>                    | 7    | 450           | 523           |

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 19b 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 2016 and updated to 31 March 2017 by a qualified actuary, independent of NCVO. The major assumptions used by the actuary are shown below.

The latest actuarial tri-annual valuation at 30 September 2016 showed a deficit of £6.8m. NCVO has agreed with the pension fund trustee that it will

aim to eliminate the deficit over a period of 11 years from 1 April 2018 by continuing the payment of annual contributions of £470,000 (increasing at 3% per annum on 1 April 2019 and on each 1 April thereafter) in respect of the deficit. In addition, the employer will pay £87,121 per annum in respect of the expenses of running the scheme including the Pension Protection Fund Levy.

### Assumptions

|   | 2017<br>% | 2016<br>% |
|---|-----------|-----------|
| Rate of increase in salaries            | 4.30      | 2.00      |
| Rate of increase in pensions in payment | 2.35      | 2.10      |
| Discount rate                           | 2.60      | 3.50      |
| Inflation assumption (CPI)              | 2.30      | 2.00      |

The mortality assumptions adopted at 31 March 2017 imply the following life expectations:

|                         | 2017<br>Years |
|-------------------------|---------------|
| Male retiring in 2017   | 23.2          |
| Female retiring in 2017 | 24.9          |
| Male retiring in 2037   | 24.9          |
| Female retiring in 2037 | 26.4          |

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

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| Fair value of plan assets                   | 24,293        | 19,880        |
| Present value of defined benefit obligation | (28,786)      | (24,055)      |
| Deficit in scheme and liability recognised  | (4,493)       | (4,175)       |

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

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| Defined benefit obligation at start of period | 24,055        | 25,667        |
| Expenses                                      | 87            | 88            |
| Interest expenses                             | 831           | 787           |
| Actuarial loss/(gain)                         | 4,510         | (1,822)       |
| Benefits paid and expenses                    | (697)         | (665)         |
|   | 28,786        | 24,055        |

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

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| Fair value of scheme assets at start of period | 19,880        | 19,675        |
| Interest income                                | 693           | 607           |
| Actuarial gain/(loss)                          | 3,898         | (244)         |
| Contributions by the employer                  | 519           | 507           |
| Benefits paid and expenses                     | (697)         | (665)         |
|  | 24,293        | 19,880        |

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

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| Gain/(loss) on scheme assets (excluding amounts included in net interest cost)   | 3,898         | (244)         |
| Experience gain arising on the scheme liabilities  | 382           | 6             |
| (Loss)/gain as a result of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities | (4,892)       | 1,816         |
| Total actuarial (loss)/gain recognised in SOFA   | (612)         | 1,578         |

### Scheme assets

|                    | 2017<br>£'000 | 2016<br>£'000 |
|--------------------|---------------|---------------|
| Equity type assets | 13,501        | 11,082        |
| Bonds              | 9,222         | 7,288         |
| Property           | 1,498         | 1,480         |
| Other              | 72            | 30            |
| Total assets       | 24,293        | 19,880        |



Notes to the financial statements (continued)

For the year ended 31 March 2017

20 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.

21 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 22 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 Peter Kellner.

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.

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 £45k 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.

22 Subsidiary and parent company results

The charity owns 100% of the issued share capital in NCVO Trading Limited. The company made a profit of £1.4m for the year ended 31 March 2017 (£1.3m 2016). The investment at cost is £1.

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| <b>Summary profit and loss account</b>         |               |               |
| Turnover                                       | 2,114         | 2,004         |
| Cost of sales                                  | (693)         | (632)         |
| Gross profit                                   | 1,421         | 1,372         |
| Expenditure                                    | (46)          | (44)          |
| Net profit before gift aid                     | 1,375         | 1,328         |
| Gift aid to NCVO                               | (1,375)       | (1,328)       |
| <b>Summary balance sheet</b>                   |               |               |
| Fixed assets – investments                     | 145           | 145           |
| Debtors  | 286           | 255           |
| Cash at bank and in-hand                       | 738           | 734           |
|  | 1,169         | 1,134         |
| Creditors: amounts falling due within one year | (1,169)       | (1,134)       |
| Creditors: amounts falling due after one year  | -             | -             |
| Net assets                                     | -             | -             |



Registered charity number 225922  
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