

National Council for Voluntary Organisations

Report and financial statements for the year ended 31 March 2020

Company number: 198344

Charity number: 225922

Reference and administrative details of the charity, its trustees and advisers at 31 March 2020

Patron: Her Majesty The Queen
President Baroness Jill Pitkeathley

NCVO Trustee Board:

Honorary Officers

Chair	Peter Kellner	Resigned	18 November 2019
Interim Chair	Anne Heal	Appointed	18 November 2019
Vice chair	Sally Young	Resigned	18 November 2019
Co-Vice chair	Julie Bentley	Appointed	18 November 2019
Co-Vice chair	Vanessa Griffiths	Appointed	18 November 2019
Honorary Treasurer:	Paul Breckell		

Trustees

Julie Bentley			
Andy Cook			
Jake Ferguson	Appointed	16 March 2020	
Jenny Field			
Chris Freed			
Vanessa Griffiths			
Anne Heal			
Kiran Kaur	Appointed	16 March 2020	
Dan Sutch			
Ingrid Tennessee			
Sheila Taylor	Appointed	18 November 2019	
Sally Young	Resigned	18 November 2019	

NCVO Trading Ltd

Directors

Paul Breckell
Susan Cordingley
Jenny Field
Dominic Fox
Chris Freed
Bruce Gordon (Chair)
Vanessa Griffiths
Jeremy Rees
Karl Wilding

Audit and Risk Committee

Chair: Sarah Morrison (independent)

Trustees

Paul Breckell			
Chris Freed	Appointed	10 February 2020	
Anne Heal	Resigned	18 November 2019	
Sally Young	Resigned	18 November 2019	

Independents

David Howley
Kafui Tay

Report of the trustee board

For the year ended 31 March 2020

From the chair

Welcome to NCVO's annual report for 2019/20.

Like so many other organisations, it will be the very final weeks of 2019/20 that will define the year for NCVO, as the world felt the impact of Covid-19 in spring 2020. The pandemic and the measures put in place to deal with it presented acute challenges for NCVO's members and the whole sector.

I am proud of the way NCVO responded: providing practical advice for organisations which was used by over 100,000 people in March alone. More importantly, we should all be proud of how people in their communities responded, getting involved to help others. Some 200,000 people came to our website seeking ways to volunteer in the crisis during March – a 25-fold increase on the previous year's numbers. Meanwhile, working in concert with a range of other charity-sector bodies, we fought to highlight the impact on the sector's finances and delivery that the pandemic was having. This resulted in a significant package of support from the government.

Sadly, even this support will not be enough to protect all the work that the sector does for so many important causes. We have seen substantial cuts being made in every part of our sector – from medical research, to arts, to environment and conservation. Charities' ability to mobilise and manage volunteers is likely to be impacted, to the detriment of our communities. The road to recovery will be long. And NCVO itself has also been affected by the crisis.

Strategy and action

Our previous five-year strategy was scheduled to come to an end at the start of 2019. We decided to roll over its aims for one more year, to give us the time needed to undertake a comprehensive strategic review, led by a new chief executive.

In addition we set out three priorities for our work in 2019/20: strengthening our local connections, championing diversity and inclusion in the sector, and making it quick and easy for members to find the support they need.

I'm pleased to say that we nearly doubled the number of members' assembly events we hosted, with one taking place every few weeks across the country. These popular events are invaluable for us to keep in touch with members' priorities and we know members have appreciated the opportunity to share experiences with each other. Listening to members was also an important part of the strategic review process. We piloted several initiatives to strengthen our relationships with local infrastructure organisations, which received positive feedback and helped inform our new strategy.

We started work to examine what we can do to make NCVO itself as inclusive as possible, in order for us to be in the best position to support the sector. You'll see one of the early outcomes later in this report: for the first time, we have compiled and published our ethnicity pay gap data. Moving NCVO towards being a more inclusive organisation has not been an easy process for us, but it is one that we are determined to conduct in as transparent and honest a way as possible.

And on support for members, we launched a new online booking system for events, making booking quicker and easier. We rebuilt our website to better show our research and policy publications and make them more accessible. We started research with members, trustees and local infrastructure development workers, to inform the forthcoming redesign of NCVO's online resources and websites. Our digital transformation is more important than ever as Covid-19 has necessitated more activities taking place online.

A century of championing voluntary action

2019 was NCVO's centenary year; we were most grateful that Her Majesty The Queen invited NCVO members to Windsor Castle for a reception to mark the centenary in April. During the year we took several opportunities to reflect on the history and importance of charities and volunteering, and to think about what the future could hold. A new book by Dr Justin Davis Smith, of City University of London, was launched in May. Titled *Idealists and Realists*, it examined the history of the last hundred years of voluntary action in the UK, told through the eyes of NCVO.

Report of the trustee board (continued)

For the year ended 31 March 2020

Changes

I took up the role of interim chair in November 2019. I would like to put on record the thanks of the whole board to Peter Kellner, NCVO's chair for the preceding three years. I offered to act as interim chair for a year when Peter's term of office ended, in order to give NCVO time to conduct a comprehensive search for his successor. That process has been completed and I'm pleased to say that Priya Singh has been nominated. Priya has worked in the public, private and voluntary sectors as a senior executive, a non-executive, a chair and a trustee – she has also had considerable involvement with membership bodies. I believe she will make an excellent chair for NCVO. Members will be asked to confirm her appointment at the annual general meeting (AGM).

We saw the appointment of a new chief executive to succeed Sir Stuart Etherington. Stuart stepped down in September after 25 years in the role, with so much achieved on behalf of the sector. That NCVO was in a healthy financial and operational position heading into the difficulties of 2020 is in no small part due to his diligent stewardship. His retirement came at the end of a career spent in service to organisations dedicated to social good, but I know that it will not mark an end to the good uses to which he will put his skills and experience.

Karl Wilding, until that point NCVO's director of public policy and volunteering, was appointed chief executive to succeed Stuart, from a very competitive field of candidates. Under his direction as chief executive, NCVO is developing a new strategy that will put NCVO members first and, in doing so, make the case for charities and volunteering at a time when they are so important to the whole country but under strain like never before.

What's next?

The impact of Covid-19 has had consequences for NCVO as we have had to curtail many income-generating activities due to social distancing. The full implications of this will become clear in time, but there is no doubt that NCVO's income will be constricted at least in the short term. We are now making changes to the organisation to account for both the new strategic direction that Karl and colleagues are developing and for this reduction in resources.

The road to recovery from the Covid-19 crisis will be long, for NCVO's members, for the people and causes they support and for NCVO itself. Despite that, we will continue to give our members the help they need to make a bigger difference for those causes. And I know that, in time, the sector will recover, and it will be stronger than ever.



Anne Heal
Interim Chair, NCVO

Report of the trustee board (continued)

For the year ended 31 March 2020

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 2020.

The legal and administrative information set out on pages 2 to 3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Charities' SORP (FRS 102).

NCVO is a charitable company limited by guarantee, founded in 1919 as the National Council of Social Services, incorporated on 30 May 1924 and registered as a charity on 1 January 1964. It was established under a memorandum of association, which defines its objects and powers, and is governed by its articles of association. In addition, there are detailed regulations made under the articles.

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. This role is currently shared by two trustees. Trustees serve for a term of three years, with a maximum of two terms.

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.

Since the end of the financial year, the board has established a new EDI Committee to provide challenge and support to the board and senior leadership team in relation to practice, culture and approach to equity, diversity and inclusion (EDI) and to take the lead on behalf of the board on oversight and scrutiny of our EDI goals and progress in NCVO. An independent chair will be appointed towards the end of 2020 with Julie Bentley, one of NCVO's vice-chairs, acting as interim chair of the committee.

NCVO members' assembly is a forum to advise the board on issues relating to volunteering and the voluntary sector and to contribute to the development of NCVO's positions on matters of public policy. It also provides an opportunity for members to tell us about the issues affecting them and to network with others in their local area. We have increased the number of members' assemblies and held 14 in the year to 31 March 2020. The meetings are open to all members and held at locations around the country.

On election, each new trustee receives an induction pack including *The Good Trustee Guide* and key organisational policies and documents. All trustees attend an induction meeting, which includes 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.

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 and research functions whose remit includes the voluntary sector, volunteering and public services and our external relations team.
- Membership and services – this includes membership, events, our portfolio of quality standards, enterprise development, training and evaluation services, as well as our internal support services, governance support and popular conference venue.

Report of the trustee board (continued)

For the year ended 31 March 2020

- Strategy and transformation – this comprises our strategic planning function, our digital and data, IT and marketing teams

President

Baroness Jill Pitkeathley was elected president of NCVO at the AGM in November 2017. The president acts as an ambassador for NCVO and is elected by the members for a non-renewable term of five years.

Charity Governance Code and Charity Ethical Principles

NCVO is a committed supporter of the Charity Governance Code (the Code) and the Charity Ethical Principles (the Principles) as a set of standards for high performance in governance, having played a major role in their development. As such, the trustees have resolved to adopt the Code and the Principles as a tool to identify areas to focus on. In 2017/18 the trustees engaged an external consultant to undertake a board review, in line with the Code practice. In 2018/19 this exercise was led by a governance sub-group of trustees, with the support of NCVO staff. This year the trustees have reviewed progress against the three areas for action agreed last year and considered the Principles.

Openness and accountability

As NCVO is a membership organisation, the board recognised the importance of considering the breadth of members' views in its decision making and continually reviewing how members were able to scrutinise their work. To address this during the last year, the trustees have:

- used opportunities outside the formal governance structures where trustees can engage with members on policy issues including chairing sessions at our Annual Conference and Trustee Conference and attending members' assemblies
- increased the number of NCVO members' assemblies to provide opportunities to better explore issues important to members which can inform board decisions
- continued to develop our new digital products and services in a user-led and iterative way that ensures we are meeting need
- shared our learning through blog posts.

Diversity

The board considered the diversity of trustees to be a priority but recognised the common limitations associated with diversity and elected governance processes. It welcomed recent work by the Nominations Committee to review the board's skills and diversity, understand barriers to engagement and develop targeted recruitment for both elected and appointed vacancies. Trustees resolved to demonstrate leadership on this agenda with a view to encouraging candidates from different backgrounds to put themselves forward for trustee roles. To address this during the last year, the trustees have:

- encouraged members to nominate individuals from diverse backgrounds for the vacant elected positions
- used appointed vacancies to improve board diversity
- reviewed the election process to ensure it is as accessible as possible.

The Nominations Committee monitors progress via the annual board diversity audit.

Organisational purpose and leadership

Deciding to take these two Code principles together, trustees reflected on the amount of time spent on sector-wide issues versus focusing on matters of corporate governance. Trustees concluded that it took a delicate balance to ensure trustees fulfil both their corporate and strategic responsibilities. The board has continued to review the use of its time to ensure there is sufficient balance between corporate matters and sector-wide issues.

Charity Ethical Principles

The board had an initial discussion about the Principles and how these are reflected in the way it governs NCVO. NCVO is currently developing a new strategy, including new organisational values, and this work is being underpinned by the Principles, which the trustees considered at their away day in October 2019.

Report of the trustee board (continued)

For the year ended 31 March 2020

Strategic report

Objectives and activities

NCVO champions and strengthens volunteering and civil society, with over 15,350 members ranging from the largest charities to the smallest community organisations. There are tens of thousands of voluntary-sector organisations in the UK. There are millions of volunteers. Every day, people across the country give their time, energy and money.

For over 100 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 out our priorities 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. NCVO will publish a new strategy towards the end of 2020, following the appointment of new chief executive, Karl Wilding.

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.

Report of the trustee board (continued)

For the year ended 31 March 2020

Achievements and performance

Aim 1: We will champion volunteering and the voluntary sector

2020 will be remembered for a long time as the year that the Covid-19 crisis turned the world upside down. In the final weeks of 2019/20, we worked at pace and in partnership to raise the profile of the impact that the crisis was having on the charity sector. The social distancing measures put in place severely impacted charities' income, particularly income from trading and community fundraising.

Our initial estimate of the impact of Covid-19 on the sector – around £4bn in lost income over three months – was widely covered by the media and reiterated by parliamentarians. NCVO worked in collaboration with other infrastructure partners to coordinate a sector-wide campaign to call urgently for government support for the voluntary sector. This involved high-profile advocacy for the sector, along with conversations behind the scenes. It was not until 8 April that the chancellor announced a support package of £750m for the charity sector. Whilst this was not enough to replace all of the lost charity income, it is widely acknowledged that without this campaign, the final amount agreed would have been lower. NCVO described it as 'an important start'. The consequences of Covid-19 would go on to dominate the following year's work through the campaign #NeverMoreNeeded.

The memory of Covid-19 will eclipse the fact that 2019/20 had already been a significant and challenging period, with the country in political limbo with a minority government followed by a leadership contest in the governing party. Parliamentary uncertainty was ended by a general election in December 2019, while the UK's departure from the EU was sealed in January 2020.

Our manifesto ahead of the general election, *A Bigger Role in Building Our Future*, took a practical and actionable approach, with measures that the incoming government could act on to support charities and volunteering to maximise their potential in supporting society. In particular we welcomed the new government's commitment to 'levelling up', something given sharper focus on the policy agenda through the Covid-19 crisis.

Earlier in the year, we launched the report of our landmark Charity Tax Commission. The Commission had undertaken the first comprehensive review of the tax environment for charities in two decades. Its recommendations included changes to the Gift Aid scheme for higher earners and improvements to systems to support tax relief for giving via digital methods.

Other notable work this year included our successful influencing of the Labour Party's civil society strategy, *From Paternalism to Participation*, of the Electoral Commission's guidance for non-party campaigners and of changes to the systems used by charities to identify legacies left to them in wills.

Aim 2: We will strengthen voluntary organisations

We worked rapidly to create comprehensive and accessible guidance to support voluntary organisations and volunteering in relation to Covid-19 as the likely impacts became apparent towards the end of the year. This was a significant undertaking as guidance from the government and other organisations evolved day by day. These guidance pages rapidly became a highly used resource, with over 100,000 people visiting them in March alone. In mid-March, we also opened up our large bank of member-only NCVO Knowhow resources to non-members, in order to better support the whole sector.

Earlier in the year, with partners from across the voluntary sector, we developed and published a comprehensive suite of resources on safeguarding in charities, funded by the Department for Digital, Culture, Media and Sport and the National Lottery Community Fund. The development was informed by extensive research with charities to help understand their current level of understanding and their priorities. The resources have been used extensively. As well as being freely available, the funders have also awarded funding to a range of other organisations to promote the resources to their networks.

We launched an overhauled version of the digital maturity matrix, an online tool that has been used by hundreds of charities to set goals to support organisations to improve their use of digital technology and benchmark progress against

Report of the trustee board (continued)

For the year ended 31 March 2020

them. Following consultation with many experts, we added new sections on data protection and security, and on using user research to improve design.

We also launched Trusted Charity Essentials, a free online tool to help charities, particularly smaller charities, do a basic 'health check' on how their organisation is performing in different areas. The tool also acts as a way in for organisations to our Trusted Charity quality standard.

Aim 3: We will grow and enhance volunteering, wherever it takes place

In the last weeks of 2019/20, we worked closely with colleagues in the Voluntary and Community Sector Emergencies Partnership, Volunteering Matters, NHS England and at the Department for Digital, Culture, Media and Sport to help ensure that the groundswell of desire to volunteer to support communities in light of Covid-19 was coordinated and facilitated. Over 200,000 people visited our website seeking ways to volunteer – a 25-fold increase on the figure for March 2019 – and we ensured they were signposted appropriately.

Earlier in the year, we produced the first of a series of publications looking in more detail at the data we gathered as part of our Time Well Spent research on volunteering. Looking at employer-supported volunteering, we found that while the experiences of those giving their time through programmes arranged by their employers were positive, they tended to be less so than those of other volunteers. We recommended that all those involved in organising workplace-volunteering programmes should focus on the quality of the experience for those participating.

In order to help support high-quality volunteering, we worked with Her Majesty's Revenue and Customs on clearer guidance on involving volunteers, and with the Health and Safety Executive on safeguarding volunteers in workplaces.

We continued our membership of the Voluntary Community and Social Enterprise (VCSE) Health and Wellbeing Alliance, a partnership between the voluntary sector and health and care system. Our role in this partnership is focused on supporting volunteering and health inequalities.

Aim 4: We will connect people and organisations

This year, we chose to significantly increase the number of members' assemblies that we ran. These provide an opportunity for voluntary organisations to meet locally and for us to hear their feedback. We held 14 members' assembly meetings across England this year, nearly double the eight we held in 2018/19.

The start of the year saw Her Majesty The Queen host an event to mark NCVO's centenary year at Windsor Castle. Her Majesty, accompanied by The Princess Royal, met a wide range of NCVO members from across the country. Later in the year, The Princess Royal gave NCVO's annual Hinton Lecture and later met with many of the invited NCVO members.

Our Day in the Life work-shadowing scheme, which connects people in voluntary organisations with those in central government, achieved very high satisfaction ratings, with participants telling us that their experience improved their knowledge of how each other's organisations work.

Our events programme throughout the year proved popular, with our Annual Conference, Trustee Conference and Campaigning Conference all drawing large numbers and excellent feedback. Regrettably, late in the year we had to take the decision to cancel events for the following year due to the impact of Covid-19.

Aim 5: We will be a sustainable and socially responsible organisation

We spent much of the second half of 2019/20 consulting members on a new strategic direction for NCVO. We estimate that we heard from over 1,000 different organisations. Covid-19 has significantly impacted upon our thinking and process; nevertheless, our plans will set out a new strategy based on extensive member engagement, delivered by what we believe will be a Covid-resilient NCVO.

Towards the end of 2019/20 we took urgent steps to secure our financial position as the potential impact of Covid-19 became clear. We paused many elements of planned expenditure. In late March we closed Society Building and staff moved to working from home.

Report of the trustee board (continued)

For the year ended 31 March 2020

The full financial impact of the need to close our conference and meeting venue, a key source of income for us, will become clear over time rather than within this year but is significant. Similarly, the impact on our events and training activities and income will be significant.

Increases in income in membership, training, brokered services and conference venue hire among other areas meant that overall we ended 2019/20 with a slight increase in income, up 1.7% on the previous year. In addition, we secured a National Lottery Community Fund grant for work on our digital capacity. An increase in expenditure was largely accounted for by payments to partners in the safeguarding training project, which we received the bulk of the funding for towards the end of the previous financial year.

Our investment in previous years in IT infrastructure was rewarded by a largely smooth transition to remote working for staff, but in the last weeks of 2019/20 it was not clear how long this would be necessary. This change in working went on to be something that we had to consider how best to support staff with throughout the following year.

Report of the trustee board

For the year ended 31 March 2020

Financial review

The year to 31 March 2020 represented a continued period of financial stability, with little change in income and expenditure.

Income

Total income of £9.1m was a slight increase on the preceding year (£8.9m). NCVO continues to generate income from a diverse range of sources. The main source of income from donations and legacies is £1.8m from the Charities Aid Foundation (CAF), which was similar to last year. Income from charitable activities of £3.9m (2019 £3.7m) reflects increased income from membership and training.

Expenditure

Total expenditure increased slightly to £8.8m (2019 re-stated: £8.4m). This reflects one-off expenditure on the development of the safeguarding advice and resources funded by the grant received at the end of the previous year. Staff costs at £5.3m were similar to the preceding year. We continued the planned investment from reserves during the year, which included continued investment in our digital products and services and our centenary celebrations.

Funds

Net expenditure of £0.03m for the year included a loss on investments of £0.3m. The actuarial gain on the defined pension scheme of £2.7m (2019: actuarial gain of £0.03m) resulted in a net increase in funds of £2.7m and total funds at the end of the year of £7.5m (2019 re-stated: £4.8m).

Balance sheet

Fixed assets include the value of Society Buildings at £3.8m 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 £1.8m 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. NCVO is currently paying contributions under a deficit reduction plan agreed following the triannual valuation at 30 September 2016. The plan has an expected end date of 31 March 2029. Contributions in the year to 31 March 2020 were £0.5m plus scheme expenses. The latest triannual valuation at 30 September 2019 shows a reduced deficit of £3.4m. NCVO has agreed a revised deficit repayment plan with TPT Retirement Solutions, the trustees of the scheme, that sees a reduced contribution of £0.2m per annum from 1 April 2021, rising by 3% per annum each subsequent year, plus annual scheme expenses. The revised recovery plan has an end date of 31 December 2026.

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 2020 resulted in a surplus of £1.2m (2019: £3.2m deficit). In the opinion of NCVO's trustees the net surplus will not be recoverable so has not been recognised as an asset in the statement of financial activities (SOFA).

Future financial planning

Following the year end, NCVO's income has, like many other charities, been hit hard by the social distancing measures put in place by the government to stop the spread of Covid-19. Income from our conference suite, consultancy services, face to face training and events has been significantly impacted. We have made use of the government's Job Retention Scheme, particularly for our conference suite staff, to mitigate some of the impact of lost income and have received funding from the National Lottery Community Fund's emergency Covid-19 fund to ensure we can maintain our advice, support and conveying role to the sector during this difficult time. We have also introduced tighter controls on expenditure, pausing development work when we can and only incurring that expenditure which is already committed or absolutely essential.

We believe that NCVO's income will be impacted in the medium term even when social distancing measures are relaxed. The trustees and senior leadership team are proposing a restructure in autumn 2020 that will reduce the fixed cost base of the organisation and ensure NCVO continues to be financially sustainable for the foreseeable future.

Report of the trustee board (continued)

For the year ended 31 March 2020

Policies

Investments

During the year to 31 March 2020, 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 and 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 holds an investment of 33% in Trustees Unlimited LLP, a joint venture between NCVO Trading Limited, Russam GMS and Bates Wells, which each holds a third of the shares. Trustees Unlimited LLP has been accounted for as an associate 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 2020, the reserves policy was reviewed, and, based on the risk analysis, a readily realisable reserves figure (i.e. the amount of unrestricted reserves after making allowance for restricted and designated funds as set out in note 16) of £2.5m was agreed to be necessary. The current level of free reserves is just above this level.

At 31 March 2020, NCVO's free reserves, which is equivalent to the general fund, were as follows:

	31 March 2020	31 March 2019 (re-stated)
	£'000	£'000
Total funds	7,490	4,800
Restricted funds	(415)	(548)
Designated funds	(4,237)	(4,146)
Pension fund	-	3,154
Free reserves	2,838	3,260

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 range of allocations which will be spent over the next two years. The pension fund's assets exceeded the scheme liabilities at 31 March 2020 giving a net surplus of £1.2m. In the opinion of NCVO's trustees the net surplus will not be recoverable so has not been recognised as an asset and is included at nil value.

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 'donations and voluntary income'.

Report of the trustee board (continued)

For the year ended 31 March 2020

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, which is 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.

Report of the trustee board (continued)

For the year ended 31 March 2020

Remuneration statement

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 just over 100 staff. Salaries for the senior management team – the chief executive and directors – are set and reviewed annually by NCVO's HR and Remuneration Committee, a sub-committee of our board of trustees. The HR and Remuneration Committee includes specialists with significant pay expertise and knowledge, especially of the charity sector.

All other staff salaries are set by the senior management team. 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, i.e. the lower end of larger national charities' pay levels, with a 7.5% tolerance. We believe this comparison with national charities reflects the nature of the skills that we need to recruit and retain.

Report of the trustee board (continued)

For the year ended 31 March 2020

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

The same benefits, including pensions and terms and conditions, apply to the chief executive and directors as all other staff. We do not 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.

(iii) 2019/20 senior pay levels

Name	Title	Annual salary 2019/20 £	Pension contributions 2019/20 £	Total remuneration 2019/20 £	Annual salary 2020/21 £
Sir Stuart Etherington	Chief Executive ¹	108,914	-	108,914	-
Karl Wilding	Chief Executive ¹	64,762	5,544	70,306	120,000
Karl Wilding	Director of Public Policy and Volunteering	42,490	3,638	46,128	-
Susan Cordingley	Deputy Chief Executive ²	38,227	3,249	41,476	97,306
Susan Cordingley	Director of Planning and Resources	56,043	4,764	60,807	92,306
Richard Williams	Director of Enterprise ³	69,230	7,937	77,167	-
Megan Griffith Gray	Director of Strategy and Transformation ⁴	28,959	2,461	31,420	73,845
Sarah Vibert	Director of Public Policy and Volunteering	23,077	1,311	24,388	92,306

¹ Sir Stuart Etherington left NCVO on 31 December 2019, after Karl Wilding had taken over as Chief Executive on 17 September 2019. Karl Wilding's Chief Executive salary is £120,000 pa.

² Susan Cordingley began her new position as Deputy Chief Executive on 11 November 2019, having been Director of Planning and Resources prior to that.

³ Richard Williams left NCVO 31 December 2019. Details of his redundancy are provided in note 7.

⁴ Megan Griffith Gray started her new position as Director of Strategy and Transformation on 11 November 2019; prior to this she was not a member of the senior management team and so the salary figures published relate to this period only.

⁵ Sarah Vibert joined NCVO on 2 January 2020 as Director of Public Policy and Volunteering.

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.

The annual salaries shown for 2020/21 are those agreed for the post. All of the senior leadership team have agreed voluntary pay cuts for part of the year.

(i) **Pay ratio**

The ratio of our highest salary (£120,000) to our median salary (£37,142) is 3.2:1.

Report of the trustee board (continued)

For the year ended 31 March 2020

(ii) 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. Between 2011 and 2019 both the senior management team and staff received an annual 2% pay award, followed by a 2.7% pay award for 2019/20. No pay award has been awarded for 2020/21.

Pay gap report

NCVO believes in equality of opportunity for all. Although NCVO employs fewer than 250 staff and is therefore not required to publish gender pay gap information, we have chosen to do so. This year we are also reporting our black and minority ethnic (BAME) pay gap for the first time.

Gender pay gap

Median and mean hourly earnings

At 5 April 2020 the median and mean male and female hourly earnings were:

	Male hourly earnings 2020 £	Female hourly earnings 2020 £	Difference 2020 £	Pay gap 2020 %	Difference 2019 £	Pay gap 2019 %
Median	22.76	20.96	1.80	8	2.97	12
Mean	23.59	23.34	0.25	1	3.85	15

At 5 April 2020 the mean male and female hourly earnings by quartile were:

	Male hourly earnings 2020 £	Female hourly earnings 2020 £	Difference 2020 £	Pay gap 2020 %	Difference 2019 £	Pay gap 2019 %
Quartile 1	16.63	16.33	0.30	2	0.70	4
Quartile 2	19.72	19.80	(0.07)	(0.3)	0.46	2
Quartile 3	23.80	23.60	0.20	1	(0.05)	(0.2)
Quartile 4	34.18	34.27	(0.09)	(0.2)	5.53	15

The information shows that there has been a significant reduction in the median and mean gender pay gap at 5 April 2020 compared with the previous year. The median pay gap at 5 April 2020 was 8% (2019: 12%) and the mean pay gap 1% (2019: 15%). This reflects the fact that three of the four members of the senior leadership team were female at 5 April 2020, whereas three of the four were male at 5 April 2019. This also means that there is now very little mean pay gap across any of the quartiles.

Report of the trustee board (continued)

For the year ended 31 March 2020

Mean hourly earnings by grade

Gender pay gap data by grade shows that NCVO pays men and women on the same grades the same salary for the work they do. Where there is a slight difference, this is largely because staff start at an entry point on recruitment and move to the grade point only after their first year of employment.

	Male hourly f/t earnings 2020 £	Female hourly f/t earnings 2020 £	Difference 2020 £	Pay gap 2020 %	Difference 2019 £	Pay gap 2019 %
Chief executive **	65.93	-	-	-	-	-
Deputy Chief executive *	-	53.46	-	-	-	-
Directors	-	50.72	-	-	-	-
Grade A	33.06	33.06	-	-	(0.83)	(2)
Grade B	28.10	27.01	1.09	4	0.94	3
Grade C	23.80	23.78	0.02	0.1	0.02	0.1
Grade D	20.75	20.78	(0.03)	(0.2)	0.29	1
Grade E	17.39	17.86	(0.47)	(4)	0.15	0.1
Grade F*	-	16.02	-	-	-	-
Trainee	13.22	11.90	1.32	10	0.34	3
Catering assistant supervisor*	-	13.39	-	-	-	-
Apprentice	-	10.75	-	-	-	-

* No male staff at this grade at 5 April 2019.

** No female staff at this grade at 5 April 2020.

Like many employers in the voluntary sector, NCVO employs more women than men but there are proportionately more women than men in lower grades and in part-time roles. We have a range of family-friendly and flexible working policies to support parents and carers. This includes supporting women who take time off to have children and assisting with their return to work. We offer enhanced maternity pay and shared parental pay. We have flexible working hours and encourage and support remote working. NCVO is proud of its flexible, family-friendly employment policies and practices.

BAME pay gap report

In NCVO's workforce, 31% of people identify themselves as BAME. There is a much higher proportion of BAME staff in the lower grades in the organisation which means BAME staff earn on average 20% less than non-BAME staff (median 25%).

The trustees and senior leadership team are committed to addressing the BAME pay gap at NCVO. Since January 2020, NCVO has been undertaking a detailed piece of work focusing on EDI. The first stage of this work, which concluded this summer, has been to understand how the culture and environment at NCVO can exclude or marginalise particular groups. We are in the process of developing an action plan for addressing the findings of this work, for which we will be held accountable by our new EDI committee. In relation to the BAME pay gap specifically, actions to address this will include reviewing our recruitment practices and work to attract more people from BAME communities to work at NCVO, particularly in the higher grades. Ahead of this however, we are also focusing on creating a more inclusive culture in order to drive policy change.

Report of the trustee board (continued)

For the year ended 31 March 2020

	BAME pay gap 2020 %	BAME pay gap 2019 %
Median	25	25
Mean	20	18

Proportion of BAME and non-BAME staff at each grade

	BAME 2020 %	Non-BAME 2020 %	BAME 2019 %	Non-BAME 2019 %
Senior leadership team	-	100	-	100
Grade A	-	100	-	100
Grade B	36	64	36	64
Grade C	17	83	19	81
Grade D	29	71	29	71
Grade E	47	53	36	64
Grade F*	75	25	75	25
Trainee	-	100	-	100
Catering assistant supervisor	100	-	100	-
Apprentice	100	-	-	-

Report of the trustee board (continued)

For the year ended 31 March 2020

Future plans

While our 2014–2019 strategy came to an end at the start of this reporting period, we decided to roll over its aims for one more year, to give us the time needed to undertake a comprehensive strategic review. Following the appointment of a new chief executive in September 2019, we began work on the new strategy, which involved an extensive consultation and listening exercise with our members, the wider sector and other stakeholders.

The beginning of the 2020/21 financial year has been dominated by the Covid-19 pandemic which has had a significant impact on many of our members and the wider sector. We suspended planned activity and have focused resources on providing practical support and advice to help our members manage during the crisis, supported the coordination of volunteering activity and worked with colleagues in other infrastructure organisations to lobby government for a financial support package for charities.

Covid-19 also impacted on NCVO's own finances. We have used the information gained from the strategy consultation to develop new strategic goals and values. These have informed an organisational restructure proposal that will reduce the fixed cost base of the organisation. NCVO's new strategic goals and values will be launched at our AGM in November 2020.

Principal risks and uncertainties

The risk register is a standing item on the agenda at each trustee board meeting. It is reviewed quarterly by the senior leadership 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, officials and other infrastructure organisations breaking down. Such eventualities would jeopardise our crucial role in promoting the interests of the voluntary sector. The main financial risks relate to our ability to sustain income streams as a result of the immediate and medium-term impact of Covid-19 on NCVO and the wider sector. Key governance, management and operational risks include the impact of sustained remote working on: ensuring robust and appropriate strategic and operational decision making; supporting staff health and wellbeing; ensuring our systems remain secure.

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 have carefully considered the impact of Covid-19 on NCVO's future financial projections alongside the existing and projected level of reserves, the value of the freehold building and the actions taken and planned by the senior leadership team. The trustees consider that NCVO has adequate resources to continue to operate for the foreseeable future.

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 2. 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 its 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.

Report of the trustee board (continued)

For the year ended 31 March 2020

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 14,426 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.

PKF Littlejohn LLP was appointed as auditor to NCVO at the AGM on 18 November 2019.

Approved by the trustee board and signed on their behalf.



Anne Heal
Chair

15 October 2020

Independent auditor's report

For the year ended 31 March 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF NATIONAL COUNCIL FOR VOLUNTARY ORGANISATIONS

Opinion

We have audited the financial statements of National Council for Voluntary Organisations ('the Parent Charitable Company') and its subsidiary ('the Group') for the year ended 31 March 2020 which comprise the consolidated and the Parent Charitable Company statement of financial activities, the consolidated and Parent Charitable Company balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going-concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going-concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report

For the year ended 31 March 2020

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report, which includes the Directors' report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustees' report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustee board's 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ('FRC's') website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report

For the year ended 31 March 2020

Use of our report

This report is made solely to the Charitable Company'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 Charitable Company'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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alastair Duke (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP, statutory auditor
15 Westferry Circus, Canary Wharf, London E14 4HD

Date: 15 October 2020

PKF Littlejohn LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Statement of financial activities for the group and charity

For the year ended 31 March 2020

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2020 £'000	Total funds (re-stated) 2019 £'000
Income					
Donations and legacies	2	1,755	4	1,759	1,940
Charitable activities:	3				
Membership subscriptions		1,194	-	1,194	1,129
Advisory services and information		903	674	1,577	1,595
Campaigns and communications		22	(10)	12	20
Education and training		1,028	-	1,028	888
Policy		2	-	2	3
Research		42	85	127	49
Other trading activities	4	3,298	-	3,298	3,224
Investments	5	91	-	91	90
Total		8,335	753	9,088	8,938
Expenditure					
Raising funds	6	1,315	-	1,315	1,402
Charitable expenditure:					
Advisory services and information		2,711	788	3,499	3,251
Campaigns and communications		1,751	12	1,763	1,344
Education and training		884	-	884	1,186
Policy		535	-	535	457
Research		491	86	577	544
Other: Centenary, digital, EDI and strategy		274	-	274	198
Total		7,961	886	8,847	8,382
Net income/(expenditure) before investment (loss)/gain		374	(133)	241	556
Net (loss)/gain on investment	10	(276)	-	(276)	77
Net (expenditure)/income		98	(133)	(35)	633
Other recognised gains					
Share of operating (loss)/profit of joint ventures		(20)	-	(20)	14
Actuarial gain on defined benefit scheme	19	2,745	-	2,745	35
Net movement in funds		2,823	(133)	2,690	682
Total funds at 1 April 2019		4,252	548	4,800	4,118
Total funds at 31 March 2020	17	7,075	415	7,490	4,800

The SOFA includes all gains and losses recognised in the year. Disclosure of the split of 2019 comparatives is shown in the notes to the accounts. A prior year adjustment has been made to the depreciation charged on land and buildings, with an assumption that 55% of the original cost related to the land. No depreciation should have been charged on this element, and the SOFA shows a £858k increase in the total funds brought forward at 1 April 2018. The depreciation charge for the year ending 31 March 2019 is £33k lower than previously stated. Total unrestricted income was £8.3m (2019: £8.3m) and total unrestricted expenditure was £8.0m (2019 re-stated: £8.4m). Movements in funds are disclosed in note 17 to the financial statements. The net movement in funds includes £378k of unrealised investment losses. Net realised income for the year was £241k (2019 re-stated net realised income: £556k).

Group and charity balance sheet

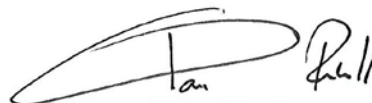
As at 31 March 2020

		Consolidated	Consolidated	NCVO	NCVO
	Notes	2020	2019 (re-stated)	2020	2019 (re-stated)
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	9	5,276	5,221	5,276	5,221
Investments	10	2,234	2,532	2,234	2,532
Investment in joint ventures – share of gross assets		10	63	-	-
Investment in joint ventures – share of gross liabilities		(10)	(43)	-	-
Net investment in joint ventures		-	20	-	-
		7,510	7,773	7,510	7,753
Current assets					
Stocks	11	4	2	4	2
Debtors	12	1,756	1,367	2,461	2,000
Cash at bank and in hand		2,764	3,152	1,810	2,257
		4,524	4,521	4,275	4,259
Creditors: amounts falling due within one year	13	(2,880)	(2,593)	(2,631)	(2,331)
Net current assets		1,644	1,928	1,644	1,928
Total assets less current liabilities		9,154	9,701	9,154	8,790
Creditors: amounts falling due after one year	14	(1,664)	(1,747)	(1,664)	(1,747)
Net assets excluding pension liability		7,490	7,954	7,490	7,043
Defined benefit pension scheme liability	19	-	(3,154)	-	(3,154)
Net assets		7,490	4,800	7,490	3,889
Funds					
Restricted funds		415	548	415	548
Unrestricted funds					
Pension reserve		-	(3,154)	-	(3,154)
Designated funds		4,237	4,146	4,237	4,146
General funds		2,838	3,260	2,838	3,240
Total funds	16	7,490	4,800	7,490	4,780
NCVO net income for the year				2,709	1,555

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



Anne Heal
Chair
15 October 2020



Paul Breckell
Treasurer
15 October 2020

Group cash flows

For the year ended 31 March 2020

	2020	2019
Notes	£'000	£'000
Cash flows from operating activities		
Net cash (used)/provided by operating activities	18 <u>(19)</u>	<u>773</u>
Cash flows from investing activities		
Dividends and interest	91	90
Cash received from joint ventures	-	174
Purchase of fixed assets	(348)	(279)
Proceeds from sale of investments	1,657	521
Cash invested following wind up of the Corcos Trust	-	133
Purchase of investments	<u>(1,677)</u>	<u>(643)</u>
Net cash (used by)/provided by investing activities	<u>(277)</u>	<u>(4)</u>
Cash flows from financing activities		
Repayment of loan (capital and interest)	<u>(131)</u>	<u>(134)</u>
Net cash used by financing activities	<u>(131)</u>	<u>(134)</u>
Change in cash and cash equivalents in the year	(427)	635
Cash and cash equivalents at the beginning of the year	<u>3,229</u>	<u>2,595</u>
Cash and cash equivalents at the end of the year	<u>2,802</u>	<u>3,230</u>
Analysis of cash and cash equivalents		
	2020	2019
	£'000	£'000
Cash at bank and in hand	2,764	3,152
Cash held in investment portfolio	10 <u>38</u>	<u>78</u>
Total cash and cash equivalents	<u>2,802</u>	<u>3,230</u>

Notes to the financial statements

For the year ended 31 March 2020

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 carefully considered the impact of Covid-19 on NCVO's future financial projections alongside the existing and projected level of reserves, the value of the freehold building and the actions taken and planned by the senior leadership team, the trustees consider that NCVO has adequate resources to continue to operate for the foreseeable future.

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS102: no cash flow has been presented for the parent charity; disclosure in respect of the parent charity's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

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.

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 business development, the conference suite and the related costs.

Notes to the financial statements

For the year ended 31 March 2020

ii) Charitable expenditure

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

Governance costs

These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. Governance costs are allocated to the categories of charitable expenditure on the basis of staff numbers.

Support costs

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

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

Grant making

Costs of grant making are included within charitable expenditure in the year they are payable. Costs include grants made and support costs associated with the activity. Multi-year grant commitments are conditional on progress reviews to determine whether future funding is provided and discretion is retained by the charity to terminate the grant. Where multi-year grant commitments exist, only expenditure relating to the current year's liability will be recognised.

iii) Other costs

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

c) Fund accounting

The charity maintains the following funds:

i) Restricted funds

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

ii) General unrestricted funds

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

iii) Designated funds

These represent unrestricted funds allocated by 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. We estimate that 55% of the original purchase price related to the land and 45% to the buildings. 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

Notes to the financial statements

For the year ended 31 March 2020

e) **Investments**

Quoted investments are valued at bid price 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 Aviva. The assets in this scheme are held separately from the charity in an independent fund administered by Aviva. 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.

Notes to the financial statements

For the year ended 31 March 2020

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 33% of the shares in Trustees Unlimited LLP. 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. Trustees Unlimited LLP, which has an accounting reference date of 31 March, has been accounted for as an associate and included on the SOFA and balance sheet using the equity method.

2 Donations and legacies

	Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Total funds 2020 £'000	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total funds 2019 £'000
Donations through Charities Aid Foundation	1,752	-	1,752	1,779	-	1,779
Other donations and voluntary income	3	4	7	149	12	161
	1,755	4	1,759	1,928	12	1,940

Notes to the financial statements

For the year ended 31 March 2020

3 Charitable activities

	Membership subscriptions, conference delegate fees and charitable purpose contracts	Unrestricted grants and sponsorships	Restricted grants and sponsorships	Total
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Membership subscriptions	1,194	-	-	1,194
Advisory services and information	898	5	674	1,577
Campaigns and communications	-	22	(10)	12
Education and training	920	108	-	1,028
Policy	1	1	-	2
Research	35	7	85	127
	3,048	143	749	3,940

	Membership subscriptions, conference delegate fees and charitable purpose contracts	Unrestricted grants and sponsorships	Restricted grants and sponsorships	Total
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Membership subscriptions	1,129	-	-	1,129
Advisory services and information	982	5	608	1,595
Campaigns and communications	-	20	-	20
Education and training	773	115	-	888
Policy	-	3	-	3
Research	32	7	10	49
	2,916	150	618	3,684

Notes to the financial statements

For the year ended 31 March 2020

3 Charitable activities – grant and project income

	Total funds 2020 £'000	Total funds 2019 £'000
Unrestricted		
Zurich Insurance – various	45	47
Ruffer Investment Management LLP – conferences	19	-
Phoenix Software – website	18	18
Phoenix Software – trustee conference	6	-
Other unrestricted income under £15,000	55	85
<i>Total unrestricted</i>	143	150
Restricted		
National Lottery Community Fund – Safeguarding Training Fund	108	427
National Lottery Community Fund – Digital Fund	374	-
Department of Health and Social Care – Health and Wellbeing Alliance core grant	50	50
National Lottery Community Fund – Trusted Charity Mark in Wales	50	32
Lloyds Bank Foundation for England and Wales – Collaboration between small and large organisations in public service delivery	59	27
New Philanthropy Capital – NCVO Charities Evaluation Services	25	17
Clothworkers' Company – Governance Code	-	13
Economic and Social Research Council – Data entry	40	-
Greater London Authority – Family volunteering research	-	10
Sport England – Family volunteering research	20	-
Pears Foundation – Family volunteering research	15	-
Scout Association – Family volunteering research	10	-
Garfield Weston Foundation – Funding Central	-	10
Fidelity Foundation – Funding Central	-	10
Arts Council England – Cultural Commissioning	-	6
Barrow Cadbury Trust – Governance Code	-	6
NHS England – Volunteering guidance	-	5
Esmée Fairbairn Foundation – Funding Central	-	5
Joseph Rowntree Charitable Trust – Constructive Voices	(10)	-
CAST, acting on behalf of the Catalyst network – Digital	6	-
Other grants under £15,000 (not requiring separate disclosure)	2	-
Total restricted	749	618
Total grants and project income	892	768

4 Other trading activities (all unrestricted)

	2020 £'000	2019 £'000
Conference suite hire	1,922	1,895
Fees for services	704	687
Quality standards	391	384
Brokered services	267	246
Publications	14	12
	3,298	3,224

Notes to the financial statements

For the year ended 31 March 2020

5 Investments (all unrestricted)

	Unrestricted funds 2020 £'000	Unrestricted funds 2019 £'000
Dividends and interest	91	90

6 Expenditure

	Staff costs 2020 £'000	Premises costs 2020 £'000	Grant making 2020 £'000	Support costs 2020 £'000	Other expenses 2020 £'000	Governance costs 2020 £'000	Total 2020 £'000
Raising funds	904	41	-	95	251	24	1,315
Charitable expenditure:							
Advisory services and information	1,823	105	328	253	925	65	3,499
Campaigns and communications	1,206	66	-	159	291	41	1,763
Education	386	23	-	57	404	14	884
Policy	377	24	21	54	46	13	535
Research	392	23	5	56	87	14	577
Other:	166	16	-	18	69	5	274
	5,254	298	354	691	2,073	177	8,847

	Staff costs 2019 £'000	Premises costs 2019 £'000	Grant making 2019 £'000	Support costs 2019 £'000	Other expenses 2019 £'000	Governance costs 2019 £'000	Total 2019 £'000
Raising funds	937	47	-	90	310	18	1,402
Charitable expenditure:							
Advisory services and information	1,991	117	-	250	842	51	3,251
Campaigns and communications	936	50	-	108	228	22	1,344
Education	583	54	-	115	410	24	1,186
Policy	359	22	-	45	22	9	457
Research	350	20	-	42	123	9	544
Other:	95	-	-	-	103	-	198
	5,251	310	-	650	2,038	133	8,382

The 2019 premises costs are £33k lower than previously reported, due to the correction to the depreciation charge for land and buildings.

Notes to the financial statements

For the year ended 31 March 2020

6 Expenditure (continued)

'Other expenses' include commissioning £1.4m (2019: £1.2m), consumables £0.2m (2019: £0.2m) and events £0.2m (2019: £0.2m). Commissioning includes fees paid to associates and quality assurance assessors, as well as amounts for technology development.

Support costs are made up of the following expenditure:

	2020	2019
	£'000	£'000
Accommodation costs	339	320
Travel costs	14	23
Telephone, printing, postage and stationery	82	36
Equipment and IT costs	143	134
Professional fees and consultancy	89	128
Other overheads	24	9
Total	691	650

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

	Total	Total
	funds	funds
	2020	2019
	£'000	£'000
Safeguarding Training Fund		
NSPCC	105	-
Ann Craft Trust	77	-
UK Youth	68	-
Children England	14	-
ACRE	5	-
Foundation for Social Improvement	5	-
NAVCA	5	-
	279	-
Trusted Charity in Wales		
WCVA	49	-
	49	-
Rebalancing the Relationship		
ACEVO	21	-
	21	-

6 Expenditure – grants and partnership payments (continued)

Local Trust

University of Birmingham	5	-
	5	-

Total grants and partnership fees paid

354	-
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Notes to the financial statements

For the year ended 31 March 2020

7 Employees

	2020	2019
	£'000	£'000
Wages and salaries	4,017	3,728
Social security	408	372
Pension costs	432	594
Redundancy costs	30	61
Temporary staff and staff training	478	572
	5,365	5,327

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

	2020	2019
	number	number
Generating funds	13	12
Advisory services and information	34	35
Campaigns and communications	21	22
Education and training	8	9
Policy	7	6
Research	7	6
Other	2	-
	92	90

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:

	2020	2019
	number	number
£60,001–£70,000	2	-
£70,001–£80,000	-	-
£80,001–£90,000	-	3
£90,001–£100,000	1	-
£100,001–£110,000	2	-
£120,001–£130,000	1	-
£140,001–£150,000	-	1

Five of the above staff are members of the defined contribution pension scheme (2019: 3). None are currently paying contributions into the defined benefit scheme. The pension costs for these employees are £34,080 (2019: £22,920).

Notes to the financial statements

For the year ended 31 March 2020

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 2019/20 are included in the trustees' report. The amounts paid to the senior management team during 2019/20 were:

		Salary	Employer's NIC	Pension contributions	Redundancy	Payment in lieu of notice	Total 2019/20	Total 2018/19
		£	£	£	£	£	£	£
Sir Stuart Etherington	Chief Executive	108,914	14,157	-	-	-	123,071	159,770
Karl Wilding	Chief Executive	64,762	7,328	5,544	-	-	77,634	-
Karl Wilding	Director of Public Policy and Volunteering	42,490	4,808	3,638	-	-	50,936	107,550
Susan Cordingley	Deputy Chief Executive	38,227	4,595	3,249	-	-	46,071	-
Susan Cordingley	Director of Planning and Resources	56,043	6,737	4,764	-	-	67,544	108,295
Richard Williams	Director of Enterprise and Development	69,230	12,466	7,937	33,314	24,142	147,089	108,823
Megan Griffith Gray	Director of Strategy and Transformation	28,959	3,322	2,461	-	-	34,742	-
Sarah Vibert	Director of Public Policy and Volunteering	23,077	2,887	1,311	-	-	27,275	-

Sir Stuart Etherington left NCVO on 31 December 2019, after Karl Wilding was appointed as Chief Executive on 17 September 2019.

An interim senior management team was put in place in November 2019. The Director of Enterprise and Development role was made redundant and Richard Williams left NCVO on 31 December 2019. Susan Cordingley began her new position as Deputy Chief Executive on 11 November 2019, having been Director of Planning and Resources prior to that. Megan Griffith Gray started her new position as Director of Strategy and Transformation on 11 November 2019; prior to this she was not a member of the senior management team and so the salary figures published relate to this period only. Sarah Vibert joined NCVO on 2 January 2020 as Director of Public Policy and Volunteering.

Notes to the financial statements

For the year ended 31 March 2020

8 Net income for the year

This is stated after charging:

	2020	2019
	£'000	£'000
Auditor's remuneration		
– audit fees	25	26
– other services	2	2
Depreciation	293	307
Bank charges	20	24
Bank interest – on building loan	45	45
Trustees' expenses	3	2

No members of the trustee board received any remuneration during the year (2019: Nil). 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 decided to adopt enhanced voluntary disclosure of trustees' and senior management team expenses. Senior management team expenses, together with total trustee expenses are summarised in the following table. These were incurred in accordance with budget and reflect the significant activity during the year.

	Subsistence 2020	UK travel 2020	Entertaining/ networking 2020	Overseas travel 2020	Other 2020	Total claimed 2020	Total claimed 2019
	£	£	£	£	£	£	£
Chief Executive's Office	897	4,842	2,866	100	58	8,763	15,702
Director of Public Policy and Volunteering	203	184	447	-	120	954	4,256
Deputy Chief Executive (formerly Director of Planning and Resources)	-	337	-	-	-	337	259
Director of Strategy and Transformation	533	42	-	-	11	586	-
Director of Enterprise and Development	(13)	358	1,076	-	-	1,421	2,918
	1,619	5,764	4,389	100	189	12,061	23,135
Trustees	407	3003	-	-	82	3,492	1,952

Travel and subsistence expenses reimbursed to 10 trustees in the period amounted to £3,492 (2019: £1,952 to five trustees), including amounts paid directly by NCVO.

Notes to the financial statements

For the year ended 31 March 2020

9 Tangible fixed assets (group and charity)

	Freehold land and buildings	Plant and equipment	Computer equipment	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2019	4,919	965	1,629	2,001	9,514
Additions	-	-	305	43	348
Disposals	-	-	-	-	-
At 31 March 2020	4,919	965	1,934	2,044	9,862
Depreciation					
At 1 April 2019 (re-stated)	1,027	286	1,359	1,621	4,293
Charge for the year	66	48	74	105	293
Disposals	-	-	-	-	-
At 31 March 2020	1,093	334	1,433	1,726	4,586
Net book value					
At 31 March 2019 (re-stated)	3,892	679	270	380	5,221
At 31 March 2020	3,826	631	501	318	5,276

Freehold land and property are presented under the historical cost convention and are shown at original cost with an annual depreciation charge. The opening balance for depreciation has been reduced by £891k to reflect a prior year adjustment, as we had previously incorrectly depreciated the full purchase cost. We estimate that 55% of the cost of land and buildings related to land. In June 2013 the building was valued at £14.25m on a 15-year sale-and-leaseback basis.

10 Investments (group and charity)

	Listed £'000	Cash £'000	Total £'000
Market value			
At 1 April 2019	2,454	78	2,532
Purchase of investments	1,677	(1,677)	-
Sale of investments	(1,657)	1,657	-
Realised gains	102	-	102
Unrealised investment loss	(378)	-	(378)
Dividend income received	-	78	78
Dividend income transferred to Barclays	-	(80)	(80)
Investment management fees	-	(18)	(18)
Exchange loss	(1)	-	(1)
At 31 March 2020	2,196	38	2,234

NCVO Trading Limited is a wholly owned subsidiary of NCVO and holds 33% of the shares in Trustees Unlimited LLP. 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 Trustees Unlimited LLP is 31 March and it has been accounted for as an associate and included on the SOFA and balance sheet using the equity method.

Notes to the financial statements

For the year ended 31 March 2020

11 Stocks (group and charity)

	2020	2019
	£'000	£'000
Publications	4	2

12 Debtors

	Consolidated 2020 £'000	Consolidated 2019 £'000	NCVO 2020 £'000	NCVO 2019 £'000
Debtors	1,107	861	821	594
Accrued income	470	294	438	253
Amount due from subsidiary	-	-	1,024	944
Prepayments	179	212	178	209
	<u>1,756</u>	<u>1,367</u>	<u>2,461</u>	<u>2,000</u>

13 Creditors: amounts falling due within one year

	Consolidated 2020 £'000	Consolidated 2019 £'000	NCVO 2020 £'000	NCVO 2019 £'000
Bank loan (secured – see note 14)	89	93	89	93
Taxation and social security	232	267	164	146
Other creditors	644	418	504	388
Accrued expenditure	360	279	325	265
Deferred income	1,555	1,536	1,549	1,439
	<u>2,880</u>	<u>2,593</u>	<u>2,631</u>	<u>2,331</u>

14 Creditors: amounts falling due after more than one year

	Consolidated 2020 £'000	Consolidated 2019 £'000	NCVO 2020 £'000	NCVO 2019 £'000
Membership deferred over one year	59	57	59	57
Bank loan (secured)	1,605	1,690	1,605	1,690
	<u>1,664</u>	<u>1,747</u>	<u>1,664</u>	<u>1,747</u>
Analysis of loan repayments				
Within one year	89	93	89	93
Between one and two years	89	93	89	93
Between two and five years	1,516	1,597	1,516	1,597
Balance at 31 March	<u>1,694</u>	<u>1,783</u>	<u>1,694</u>	<u>1,783</u>

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.

Notes to the financial statements

For the year ended 31 March 2020

Reconciliation of deferred income 2019/20

	Brought forward £'000	Released into 2019/20 £'000	Deferred to future years £'000	Carry forward £'000
Deferred income	1,593	1,403	190	1,614
Being deferred income included in:				1,555
Creditors: amounts falling due within one year				
Creditors: amounts falling due after more than one year				59
				<u>1,614</u>

Reconciliation of deferred income 2018/19

	Brought forward £'000	Released into 2019/20 £'000	Deferred to future years £'000	Carry forward £'000
Deferred income	1,593	1,376	217	1,593
Being deferred income included in:				1,536
Creditors: amounts falling due within one year				
Creditors: amounts falling due after more than one year				57
				<u>1,593</u>

15 Operating leases

NCVO has had an operating lease with Grenke since April 2017 for multi-functional devices, which provide photocopying, printing and document scanning facilities. Total minimum lease commitments as at 31 March were:

	2020 £'000	2019 £'000
Within one year	6	12
Two to five years	-	6
	<u>6</u>	<u>18</u>

Notes to the financial statements

For the year ended 31 March 2020

16 Analysis of net group assets

	Unrestricted general 2020 £'000	Unrestricted designated 2020 £'000	Restricted 2020 £'000	Total funds excluding pension fund 2020 £'000	Pension fund 2020 £'000	Total 2020 £'000
Tangible fixed assets	-	5,276	-	5,276	-	5,276
Investments	2,234	-	-	2,234	-	2,234
Net current assets (excluding loan)	663	655	415	1,733	-	1,733
Deferred membership due after more than one year	(59)	-	-	(59)	-	(59)
Pension fund	-	-	-	-	-	-
Loan	-	(1,694)	-	(1,694)	-	(1,694)
Total	2,838	4,237	415	7,490	-	7,490

NCVO's readily realisable reserves of £2.8m (2019: £3.3m) are made up of investments and net current assets, adjusted for loans.

	Unrestricted general 2019 £'000	Unrestricted designated 2019 (re-stated) £'000	Restricted 2019 £'000	Total funds excluding pension fund 2019 £'000	Pension fund 2019 £'000	Total 2019 £'000
Tangible fixed assets	-	5,221	-	5,221	-	5,221
Investments	2,552	-	-	2,552	-	2,552
Net current assets (excluding loan)	765	708	548	2,021	-	2,021
Deferred membership due after more than one year	(57)	-	-	(57)	-	(57)
Pension fund	-	-	-	-	(3,154)	(3,154)
Loan	-	(1,783)	-	(1,783)	-	(1,783)
Total	3,260	4,146	548	7,954	(3,154)	4,800

Notes to the financial statements

For the year ended 31 March 2020

17 Movement in group funds

Unrestricted and designated funds

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

	Balance 1 April 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net gains £'000	Balance 31 March 2020 £'000
Fixed assets	3,438	-	-	144	-	3,582
Property maintenance	28	-	-	-	-	28
Centenary fund	119	-	(54)	(65)	-	-
Digital investment	354	-	(110)	142	-	386
NCVO Excellence	124	-	(39)	-	-	85
Policy development including tax commission	42	-	(28)	(14)	-	-
Volunteering research	7	-	(7)	-	-	-
Strategy development	-	-	(19)	140	-	121
Equity, diversity and inclusion	-	-	(21)	50	-	29
Other	34	-	(16)	(12)	-	6
Designated funds	4,146	-	(294)	385	-	4,237
General funds	3,260	8,315	(7,506)	(955)	(276)	2,838
Pension reserves	(3,154)	-	(161)	570	2,745	-
	4,252	8,315	(7,961)	-	2,469	7,075

The total income figure of £8.3m includes the share of operating loss of the joint ventures referenced on the SOFA.

	Balance 1 April 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net gains £'000	Balance 31 March 2019 £'000
Fixed assets	3,377	-	-	61	-	3,438
Property maintenance	28	-	-	-	-	28
Centenary fund	261	-	(93)	(49)	-	119
Digital investment	-	-	(105)	459	-	354
NCVO Excellence	-	-	(36)	160	-	124
Policy development including tax commission	-	-	(8)	50	-	42
Volunteering research	-	-	(53)	60	-	7
Other	-	-	(14)	48	-	34
Designated funds	3,666	-	(309)	789	-	4,146
General funds	3,690	8,322	(7,483)	(1,346)	77	3,260
Pension reserves	(3,385)	-	(361)	557	35	(3,154)
	3,971	8,322	(8,153)	-	112	4,252

The total income figure of £8.3m includes the share of the operating profit of joint ventures referenced on the SOFA.

Notes to the financial statements

For the year ended 31 March 2020

Previous accounts have shown the centenary allocation from designated funds, but the note has been updated to reflect other reserves spend agreed by trustees for specific pieces of work, including:

- **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 these acquisitions).
- **Centenary fund**
The trustees established this fund to resource activity to celebrate NCVO's centenary in 2019. There was activity marking NCVO's past, present and future. As anticipated last year, we spent less than the original allocation, resulting in a £65k transfer back to general funds.
- **Digital investment**
Trustees have allocated funds from reserves for a number of digital projects, including the development of an Application Programming Interface (API), replacement of the finance system and an online payments platform.
- **NCVO Excellence**
Trustees approved funding to develop existing NCVO quality standards, including offering services digitally.
- **Policy developments including tax commission**
Trustees established an independent charity tax commission in October 2017 to undertake a full review of the impact of the tax system on charities and develop a long-term strategic approach to fiscal policy towards the voluntary sector. The work was completed during 2019/20 so the remaining balance has been transferred back to general funds.
- **Volunteering research**
NCVO undertook a national survey into the volunteering experience, resulting in the *Time Well Spent* report.
- **Strategy development**
These funds are supporting work to develop a new strategy, focused on a small number of clear strategic priorities, to steer NCVO's work from 2020 onwards.
- **Equity, diversity and inclusion**
The trustees allocated these funds to enable NCVO to develop an equity, diversity and inclusion strategy and work plan.

Notes to the financial statements

For the year ended 31 March 2020

17 Movement in group funds (continued)

Restricted funds 2019/20

	1 April 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2020 £'000
Safeguarding Training Fund: The National Lottery Community Fund	427	108	(535)	-	-
National Lottery Community Fund: Digital Fund	-	374	(36)	-	338
Rebalancing the Relationship: Lloyds Bank Foundation for England and Wales	27	59	(76)	-	10
Constructive Voices: Joseph Rowntree Charitable Trust	22	(10)	(12)	-	-
Governance Code	20	-	-	-	20
Trusted Charity in Wales: The National Lottery Community Fund	18	50	(62)	-	6
William Plowden Fellowship	8	-	(8)	-	-
Various: Public Trust	8	-	-	-	8
Family volunteering research: Sport England, Pears Foundation, Greater London Authority, Scout Association	8	45	(46)	-	7
NCVO Charities Evaluation Services: New Philanthropy Capital	6	25	(11)	-	20
Leadership (legacy)	3	-	-	-	3
CSIS Charity Fund: Working for a Charity bursaries	1	-	-	-	1
Health and Wellbeing Alliance core grant: Department of Health and Social Care	-	50	(50)	-	-
Data partnership including data entry: Economic and Social Research Council	-	40	(40)	-	-
Digital: CAST	-	6	(6)	-	-
Other restricted grants and donations under £20,000 (not requiring separate disclosure)	-	6	(4)	-	2
Total	548	753	(886)	-	415

Notes to the financial statements

For the year ended 31 March 2020

Those areas with restricted funds to be carried forward into 2020/21 are briefly described below:

- **Digital Fund: The National Lottery Community Fund**
A project to transform NCVO's technology and digital services so that we can support more people in more organisations.
- **Rebalancing the Relationship: Lloyds Bank Foundation for England and Wales**
A partnership between NCVO, ACEVO and Lloyds Bank Foundation to understand and address how collaboration between large and small voluntary organisations can improve to deliver the best outcomes for service users, ensure the diversity of the sector and protect local economies.
- **Governance Code**
For the provision of ongoing stewardship of the Code.
- **Trusted Charity Mark in Wales: The National Lottery Community Fund**
Funding to adapt and develop the NCVO Excellence quality standard materials and tools and embed sustainable support networks amongst the sector in Wales.
- **Public Trust**
Work to preserve public trust and confidence in the sector.
- **Family volunteering research: Sport England, Pears Foundation, Greater London Authority and Scout Association**
A research project to explore the links between family and volunteering, in order to support volunteer-involving organisations to develop or enhance volunteering opportunities for family members.
- **NCVO Charities Evaluation Services: New Philanthropy Capital**
Supporting charities through the Inspiring Impact programme.
- **Leadership (legacy)**
Legacy for leadership (Winifred Tumim) and for music for people with learning difficulties (Diana Kurzman).
- **CSIS Charity Fund: Working for a Charity bursaries**
Bursaries for people who have worked in the public sector who wish to attend training courses in order to transfer their skills to the voluntary sector.

Notes to the financial statements

For the year ended 31 March 2020

Restricted funds 2018/19

	1 April 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2019 £'000
Safeguarding Training Fund: The National Lottery Community Fund	-	427	-	-	427
Rebalancing the Relationship: Lloyds Bank Foundation for England and Wales	-	27	-	-	27
Constructive Voices: Joseph Rowntree Charitable Trust	37	-	(15)	-	22
Governance Code	2	19	(1)	-	20
Trusted Charity in Wales: The National Lottery Community Fund	28	32	(42)	-	18
William Plowden Fellowship	20	-	(12)	-	8
Various: Public Trust	8	-	-	-	8
Family volunteering research: Greater London Authority	-	10	(2)	-	8
NCVO Charities Evaluation Services: New Philanthropy Capital	12	17	(23)	-	6
Leadership (legacy)	4	-	(1)	-	3
CSIS Charity Fund: Working for a Charity bursaries	2	-	(1)	-	1
Health and Wellbeing Alliance core grant: Department of Health and Social care	-	50	(50)	-	-
Funding Central	-	25	(25)	-	-
Increasing voluntary sector involvement in health transformation: Department of Health and Social Care	19	-	(19)	-	-
Data partnership including data entry: Economic Research Council	-	-	-	-	-
360Giving – Data project: Indigo Trust	15	-	(15)	-	-
Cultural Commissioning: Arts Council England	-	6	(6)	-	-
Volunteer Guidance: NHS	-	5	(5)	-	-
Other restricted grants and donations under £20,000 (not requiring separate disclosure)	-	12	(12)	-	-
Total	147	630	(229)	-	548

Notes to the financial statements

For the year ended 31 March 2020

Those areas with restricted funds to be carried forward into 2019/20 are briefly described below:

- **Safeguarding Training Fund: The National Lottery Community Fund**
A partnership project to develop high-quality resources and guidance on how to improve safeguarding practice and foster safe culture. These will be freely available to the voluntary sector and easy to access through a new safeguarding gateway.
- **Rebalancing the Relationship: Lloyds Bank Foundation for England and Wales**
A partnership between NCVO, ACEVO and Lloyds Bank Foundation to understand and address how collaboration between large and small voluntary organisations can improve to deliver the best outcomes for service users, ensure the diversity of the sector and protect local economies.
- **Constructive Voices: Joseph Rowntree Charitable Trust**
A project highlighting the positive impact of the voluntary sector and promoting constructive journalism.
- **Governance Code**
For the provision of ongoing stewardship of the Code.
- **Trusted Charity Mark in Wales: The National Lottery Community Fund**
Funding to adapt and develop the NCVO Excellence quality standard materials and tools and embed sustainable support networks amongst the sector in Wales.
- **William Plowden Fellowship**
Fellowship to take up themes of good governance.
- **Public Trust**
Work to preserve public trust and confidence in the sector.
- **Family volunteering research: Greater London Authority**
A research project to explore the links between family and volunteering, in order to support volunteer-involving organisations to develop or enhance volunteering opportunities for family members.
- **NCVO Charities Evaluation Services: New Philanthropy Capital**
Supporting charities through the Inspiring Impact programme.
- **Leadership (legacy)**
Legacy for leadership (Winifred Tumim) and for music for people with learning difficulties (Diana Kurzman).
- **CSIS Charity Fund: Working for a Charity bursaries**
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.

Notes to the financial statements

For the year ended 31 March 2020

Other funds

NCVO also manages other charitable funds on behalf of the trusts listed below through its investment managers, UBS.

The Bayldon Trust: For the benefit of a charity or charities as the settlor during his life and after his death as his wife Lorna Irene Bayldon and after her death as his son Captain John Michael Bayldon and thereafter the trustee shall select and so that no moneys shall be applied under the trusts hereof other than for charitable purposes within the legal definition of that term.

LCC Workmen's Dwelling Trust, Becontree: To promote the advancement of education, the furtherance of health and all such other measures for the social welfare of residents in the workmen's houses erected by the LCC at Becontree, Essex as are legally charitable.

The Lady Hawke Trust: To provide help in sickness and convalescence and holidays for necessitous mothers and babies residing in the borough of Bermondsey, preference given to those attending the Princess Club Infant Welfare Centre at Bermondsey so long as that welfare centre continues to exist.

The RMC Leach Trust: To pay the income and/or capital of the trust to such charities or for such charitable purposes as the settlor may from time to time direct.

The Magnus Trust: To pay or apply the income of the trust fund and also so much of the capital of the trust fund as the settlors jointly or severally or the survivor of them may from time to time by direction in writing to the trustee determine to such charities or for such charitable purposes as the settlors or the survivor of them may from time to time by like written direction request and subject to and in default of any such direction and insofar as such direction may not extend as the trustee may at its uncontrolled discretion determine.

The Montefiore Institute: The Permanent Trustee shall hold the trust premises upon trust to permit the same to be used for the purposes of physical and mental recreation and social, moral and intellectual development through the medium of reading and recreation room, library, lectures, classes, recreations, entertainments or otherwise as may be found expedient for the benefit of the inhabitants of the Worth Ward of the Parish of Worth in the County of Sussex and its immediate vicinity without distinction of sex or of political or other opinions subject to the provisions of these premises.

The NEF Montgomery Trust: To pay the income and/or capital to such charities or for such charitable purposes as the settlor or, if surviving, her husband may from time to time direct.

Miss SMG Ross Trust: To pay or apply the income and also so much of the capital as the settlor may from time to time by notice in writing to the trustees determine to such charities or for such charitable purposes and in such proportions and in such manner and subject to such terms and conditions as the settlor may from time to time direct.

The David Stern Trust: To pay or apply the capital and income of the trust to such charities or for such charitable purposes as the council may think fit, subject only to the settlor's written consent during his lifetime.

Mr and Mrs ET Williams' Settlement: For the benefit of a charity or charities now in existence or now or hereafter registered as such under the provisions of the Charities Act 1960 as selected by the settlors during their lives and after their deaths selected by the National Council of Social Service.

AMG and G Wyburd Trust: To pay or apply the income and/or capital to such charities or for such charitable purposes as the settlors may from time to time direct.

NCVO acts as trustee of and makes donations from these funds as directed by their settlors. The total value of the investments, which are held in a separate portfolio, stands at £758k (2019: £859k). In addition, £229k (2019: £221k) is held in a separate bank account. These funds are excluded from NCVO's accounts.

Notes to the financial statements

For the year ended 31 March 2020

18 Reconciliation of net income to net cash flow from operating activities

	2020	2019
	£'000	£'000
Net (expenditure)/income for the year	(35)	1,492
Adjustments for:		
Depreciation	293	307
Prior year depreciation adjustment	-	(858)
Loss/(gain) on investments	276	(77)
Donation from the Corcos Trust invested	-	(133)
Dividends and interest from investments	(91)	(90)
Interest on bank loan	45	45
Non-cash difference between defined benefit pension contributions paid and amount charged to SOFA	(409)	(196)
(Increase)/decrease in stocks	(2)	15
(Increase)/decrease in debtors	(389)	129
Increase in creditors	293	139
Net cash (used)/provided by operating activities	(19)	773

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.

a) Pension costs charge in the year

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

		2020	2019
	Note	£'000	£'000
Defined contribution scheme costs		270	233
Defined benefit scheme past service cost		-	181
Defined benefit scheme expenses		94	100
Defined benefit scheme interest cost		68	80
Total cost	7	432	594

b) Defined benefit scheme

The charity operates a defined benefit scheme in the UK which is closed to new entrants and future accrual. This is a separate trustee-administered fund holding the pension scheme assets to meet long-term pension liabilities. The major assumptions used by the actuary for the purposes of the accounting valuation at 31 March 2020 are shown below.

NCVO is currently paying contributions under a deficit reduction plan agreed following the triannual valuation at 30 September 2016. The aim of this plan was to eliminate the deficit over a period of 11 years from 1 April 2018, by the payment of annual contributions (payable monthly) of £470,000 from 1 April 2018 until 31 March 2029, increasing at 3% per annum on 1 April 2019 and on each 1 April thereafter. In addition, expenses of £87,000 per annum, including the Pension Protection Fund Levy, are payable.

The plan has an expected end date of 31 March 2029.

Notes to the financial statements

For the year ended 31 March 2020

The latest actuarial triannual valuation at 30 September 2019 showed a reduced deficit of £3.4m. NCVO has agreed a revised deficit repayment plan with TPT Retirement Solutions, the trustees of the scheme, that sees a reduced contribution of £0.2m per annum from 1 April 2021, rising by 3% per annum each subsequent year, plus annual scheme expenses of £91,000. The revised recovery plan has an end date of 31 December 2026.

Assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.70	4.30
Rate of increase in pensions in payment	1.85	2.35
Discount rate	2.30	2.35
Inflation assumption (CPI)	1.70	2.30

The mortality assumptions adopted at 31 March 2020 imply the following life expectations:

	2020
	Years
Male retiring in 2020	21.9
Female retiring in 2020	24.0
Male retiring in 2040	23.3
Female retiring in 2040	25.2

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

	2020	2019
	£'000	£'000
Fair value of plan assets	27,704	26,229
Present value of defined benefit obligation	(26,512)	(29,383)
Effect of asset ceiling	(1,192)	-
Deficit in scheme and liability recognised	-	(3,154)

Reconciliation of opening and closing balances of the defined benefit obligation

	2020	2019
	£'000	£'000
Defined benefit obligation at start of period	29,283	28,399
Expenses	-	100
Interest expenses	679	712
Past service costs (GMP equalisation)	-	181
Benefits paid and expenses	(750)	(939)
Actuarial loss/(gain) on changes in financial and demographic assumptions	(1,893)	1,132
Experience (gain)/loss on liabilities	(807)	(202)
	26,512	29,383

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

Notes to the financial statements

For the year ended 31 March 2020

	2020	2019
	£'000	£'000
Fair value of scheme assets at start of period	26,129	25,014
Interest income	611	632
Expenses	(94)	(100)
Return on assets excluding interest income	1,237	965
Contributions by the employer	571	557
Benefits paid and expenses	(750)	(939)
	<u>27,704</u>	<u>26,129</u>

Actuarial gain/(loss) recognised in the SOFA

	2020	2019
	£'000	£'000
Gain on scheme assets	1,237	965
Experience gain arising on the scheme liabilities	807	202
Gain/(loss) as a result of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	1,893	(1,132)
Effect of asset ceiling	(1,192)	
Total actuarial gain recognised in the SOFA	<u>2,745</u>	<u>35</u>

The scheme assets exceeded the scheme liabilities at 31 March 2020 giving a net surplus of £1.2m. In the opinion of NCVO's trustees the net surplus will not be recoverable so has not been recognised as an asset in the SOFA.

Scheme assets

	2020	2019
	£'000	£'000
Equity type assets	3,048	13,072
Bonds	14,537	11,534
Property	1,595	1,402
Other	8,524	121
Total assets	<u>27,704</u>	<u>26,129</u>

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 deed of covenant.

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.

Notes to the financial statements

For the year ended 31 March 2020

As stated in the CAF Trust Deed, the chair of NCVO occupies one trustee position on the board of the CAF. This position is currently filled by Anne Heal.

NCVO holds an investment of 33% in Trustees Unlimited LLP, a related party joint venture between NCVO Trading Limited, Russam GMS and Bates Wells, which each holds 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 until 31 December 2019, is an equity partner with Bates Wells London LLP, NCVO's legal advisers. All significant elements of work involving Bates Wells are overseen by the deputy chief executive and reported to the chair and honorary treasurer on a regular basis. Professional fees of £26k were paid to Bates Wells during the year for legal advice. NCVO jointly runs its annual trustee conference with Bates Wells and is a partner with them in 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 £1.6m for the year ended 31 March 2020 (2019: £1.6m). The investment at cost is £1.

	2020	2019
	£'000	£'000
Summary profit and loss account		
Turnover	2,473	2,623
Cost of sales	(801)	(955)
Gross profit	1,672	1,668
Expenditure	(57)	(111)
Net profit from operations	1,615	1,612
Payable to NCVO under deed of covenant	(1,615)	(1,557)
Summary balance sheet		
Fixed assets – investments	-	-
Debtors	319	311
Cash at bank and in-hand	954	895
	1,273	1,206
Creditors: amounts falling due within one year	(1,273)	(1,206)
Creditors: amounts falling due after one year	-	-
Net assets	-	-

23. Prior year adjustment

Previous accounts did not split the original purchase cost between land and buildings. The purchase documents did not split the consideration between land and buildings. We have estimated that 55% of the original purchase price was for the land and 45% for the building and adjusted the historical depreciation charge accordingly. This results in a £858k reduction in depreciation charged to 31 March 2018 and a £33k reduction in the depreciation previously reported for the year ending 31 March 2019.