























# Financial review

## Incoming resources

We continued to develop a diverse portfolio of income to fund our activities, with total incoming resources amounting to £9,588,000, an increase of £649,000 (7%) from last year.

Membership subscriptions of £931,000 account for around 10% of NCVO's total income, and increased by £95,000 from the previous year

Voluntary income includes £500,000 of grant from the Office for Civil Society OCS under the Strategic Partners Transition Programme, including the amounts that would have been due to Volunteering England. It also includes donations from Charities Aid Foundation (CAF) amounting to £1,439,000.

Unrestricted income received during the year for advice and information services includes consultancy and training income of £329,000 and fee income totalling £723,000 for the Big Assist and Funding Central projects.

£2,663,000 was received from other grants and sponsorship, as outlined in note 2 of the accounts. Of this, £2,523,000 was restricted, most of which related to capacity-building services. It includes fees for projects including Volunteering in Care Homes, Cultural Commissioning and Volunteering for Stronger Communities.

Unrestricted income from trading activities amounted to £2,297,000, an increase of £460,000, including income from the conference suite (£1,055,000), commercial fees and brokered services (£342,000) and £380,000 from tenants.

## Resources expended

Expenditure, totalling £8,868,000, shows a similar increase of 7% over last year (£8,280,000), reflecting the increase in capacity-building activity, including those projects noted above and a full year of the activity brought in from Volunteering England.

Completion of the building project enabled us to bring our whole conference suite into Society Building, saving £153,000 in rental costs, alongside additional income generated from tenancies in the new space.

The average number of staff grew from 100 to 106, with staff costs growing by 7% to £5,166,000.

Contributions to our defined benefit pension scheme, which was closed to future accrual on 31 March 2011, amounted to £325,000. This was under the terms of a 12-year deficit recovery plan agreed with the Pensions Trust in 2011, which will see them increase by £105,000 to £430,000 in April 2015. We are currently in discussion with the Pensions Trust regarding the next actuarial valuation (as at September 2013). The level of contributions is not expected to increase significantly beyond the planned level.

## Funds

We closed the year with total funds of £2.1m on the balance sheet, a small reduction of £69,000 from March 2013.

An in-year operating surplus of £450,000 was more than offset by an increase of £492,000 in the defined benefit pension reserve under FRS 17.

The balance sheet value of our fixed assets declined, as we depreciated the works on Society Building completed last year. The balance sheet shows the value of the building as £3.498m, under the historic cost convention, being the original cost, plus the cost of recent building works, less depreciation. In June 2013 the building was valued at £14.25m, on a 15-year sale and leaseback basis. There is no reason to believe that the valuation will have changed significantly since then.

Our investments increased by £51,000, as a result of growth in their underlying value. The value of our share of joint venture profits fell by £98,000 as result of a revision in the joint venture accounts for 2013/14 after NCVO's accounts were approved. This contributed to a reduction of £149,000 in unrestricted funds, which ended the year at £1,804,000.

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# Policies

## Investments

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

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

Sarasin provides real-time, online information on performance of the portfolio. In addition it attends a trustee board and an audit and risk committee meeting at least annually to discuss the performance of the portfolio, economic conditions and future requirements. The NCVO investment portfolio is part of a combined portfolio including the charitable trusts that NCVO administers, which are pooled together as permitted by the general power of investment defined within the Trustee Act 2000 and the governing documents of the trusts. This set of published accounts only includes the value of the NCVO investments.

Investment gains during the year amounted to £51,000, or 3% of the value of holdings. This is recorded in the net investment gains and losses section of the SOFA.

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

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

## Reserves

**The trustees have set a reserves policy that requires reserves to be maintained at a level which ensures that NCVO's core activity could continue during a period of unforeseen difficulty and that a proportion of reserves be maintained in a readily realisable form.**

The trustees assess the required level of reserves on an annual basis, alongside the operating budget. The assessment takes account of the market valuation of investments, income and expenditure risk within the budget, commitments to repay the loan secured on the building and the need to keep sufficient bank balances to be able to manage the

day-to-day fluctuations of receipts and payments.

In March 2014, the reserves policy was reviewed, and, based on the risk analysis, a readily realisable reserves figure of £2m was agreed to be necessary.

At 31 March 2014, NCVO's readily realisable reserves were as follows:

	31 March 2014 £'000	31 March 2013 £'000
Investments	2,003	1,952
Other working capital	(167)	(704)
Bank accounts	842	899
Total readily realisable reserves	2,678	2,147

## Grant making

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

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# Remuneration statement

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

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

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

## Our approach to pay

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

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

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

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

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

## 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.

## Benchmarking

Both senior management team and staff pay levels are reviewed annually.

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

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

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

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

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Current senior pay levels

Name	Title	Annual salary 2013/14	Pension contributions 2013/14	Total remuneration, 2013/14 (1)	Annual salary 2014/15
Sir Stuart Etherington	Chief Executive	£128,069	£9,403	£137,472	£130,631
Dr Justin Davis Smith	Executive Director, Volunteering and Development	£90,818	£7,707	£98,376 (2)	£92,634
Dr Karl Wilding	Director of Public Policy	£81,406	£5,779 (3)	£66,833 (3)	£83,034
Richard Williams	Director of Enterprise	£81,406	£6,919	£88,325	£83,034
Coral Newton Sarah Welsh	Director of Planning and Resources (4)	£81,406 pro rata (4)	£4,404	£53,247	£83,034 pro rata (4)

1. Total remuneration figures are salary plus pension contributions. Senior management team members, like all NCVO staff, are also entitled to miscellaneous benefits, such as childcare vouchers, which have not been included here.

2. Justin Davis Smith joined NCVO as part of our merger with Volunteering England, which legally took effect on 1 January 2013. Like all Volunteering England staff, his salary was protected under TUPE rules. Both NCVO's staff and senior managers received a 2% pay award taking effect from April 2013. However, for staff from Volunteering England, the award was not applied until NCVO formally restructured on 1 May 2013, hence Justin Davis Smith's total remuneration is £149 lower than his annual salary and pension contributions combined.

3. Karl Wilding was appointed to this post on 24 June 2013, from another post in NCVO outwith the senior management team. The figures in columns four and five reflect his remuneration since that date.

4. The director of planning and resources role is shared between two staff in a job-share arrangement, with each working three days a week.

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

Pay ratio

The ratio of our highest salary, £128,069, to our median salary, £33,641, is 3.8:1.

Pay awards

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

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

# Future plans

**We published our new strategic plan in March 2014, setting out our plans for the next five years. We anticipate that the environment for voluntary organisations will change rapidly over that period and the strategy is intended to reflect members' needs in the future as well as currently. We also anticipate that voluntary organisations and volunteers will be playing a greater role in public services, while the ways that donors support charities is likely to evolve. Changing social attitudes will also bring higher expectations of transparency and accountability.**

Among our priorities for the next five years, are:

- **Demonstrating the value** of voluntary organisations and volunteering
- **Upholding the rights** of charities to campaign
- **Making the case** for effective and intelligent funding and contracting arrangements
- **Supporting** local infrastructure, including volunteer centres

- **Becoming the first port of call** for new charities seeking support
- **Using our online platforms** to bring individuals and organisations together to share expertise
- **Showing** that the sector is accountable and transparent, and leading the way on open data.

March 2014 saw the end of our strategic grant. We have worked hard over the last few years to build our income and financial resilience to ensure that we can continue to support and speak out on behalf of our members. In particular, we have invested in growing Society Building as a destination for meetings and events.

Our digital capability will be crucial in enabling us to connect people and organisations. We are currently investing in a new CRM system, which is due to go live in autumn 2014 and will help us connect better with members, partners and customers. It will underpin our ability to connect people with each other but also with the resources they need. Alongside this, we have earmarked a significant element of funds for investment in our digital capability.

We will continue to grow our earned income streams in ways that are consistent with our mission and values and bring the greatest benefit to our members.

We are exploring the possibility of a closer working partnership with Charities Evaluation Services (CES), a charity that provides advice on quality measurement systems for the voluntary sector. Closer working with CES would allow us to strengthen our advice and support services for members.

# 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 management team and twice a year by the Audit and Risk Committee.

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

External and strategic risks include adverse publicity in the media, including blogs and social media, the risk of being perceived to have political bias and a risk of relationships with politicians and officials breaking down. Such eventualities would jeopardise our crucial role in promoting the interests of the voluntary sector. The main financial risks relate to earned income and the affordability of pension contributions. Key operational risks include ensuring sustainability of the volunteering voice and ensuring that our CRM project delivers the desired benefits. Looking forward, we will also be managing risks around our networks, as connecting people and organisations is a key aim of our new strategy.

In addition to the main risk register, we also create a risk register for any high-risk projects, such as the development of the strategic plan and the CRM project. These are monitored closely by the relevant project board.

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

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

## 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 their thanks to, and appreciation of, the chief executive, his senior management team and the whole of NCVO's staff for the skill and energy with which they have managed and contributed to the organisation throughout the year.

## Liability of members

NCVO the charitable company is limited by guarantee with no share capital. Clause 7 of the memorandum of association provides that every member, as defined by Clause 2 of the articles of association, is liable to contribute a sum not exceeding £1 in the event of the company being wound up while they are a member or within one year of ceasing to be a member. At the year end there were 10,846 members.

## Statement of trustee board's responsibilities

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

In preparing those financial statements the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP

- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

## Auditors

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

BDO LLP was reappointed as auditor to NCVO at the AGM on 14 November 2013.

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

## Approved by the trustee board and signed on their behalf.

**Martyn Lewis CBE**  
Chair  
12 September 2014

# Independent auditor's report to the members of the National Council for Voluntary Organisations

We have audited the financial statements of NCVO for the year ended 31 March 2014, which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

## Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with UK Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the trustees' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

## Don Bawtree

Senior Statutory Auditor

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

8 October 2014

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

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## Consolidated statement of financial activities for the year ended 31 March 2014

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2014 £'000	Total funds 2013 £'000
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income	3	1,942	87	2,029	1,928
Activities for generating funds	4	2,396	–	2,396	1,837
Investment income	5	71	–	71	70
<b>Incoming resources from charitable activities</b>					
Membership subscriptions	2	931	–	931	836
<b>Projects and sponsorship</b>					
Advisory services and information	2	1,096	1,496	2,592	2,608
Campaigns and communications	2	30	610	640	601
Education and training	2	408	197	605	349
Policy	2	20	13	33	–
Research	2	183	207	390	252
Incoming resources from merger					
		–	–	–	542
Incoming resources from joint ventures					
		(99)	–	(99)	(84)
<b>Total incoming resources</b>		<b>6,978</b>	<b>2,610</b>	<b>9,588</b>	<b>8,939</b>
<b>Resources expended</b>					
<b>Cost of generating funds</b>	6	<b>993</b>	<b>–</b>	<b>993</b>	<b>1,215</b>
<b>Charitable activities</b>					
Advisory services and information		2,661	1,369	4,030	3,383
Campaigns and communications		1,324	647	1,971	2,151
Education and training		428	188	616	334
Policy		235	13	248	175
Research		597	234	831	620

## Consolidated statement of financial activities for the year ended 31 March 2014 (continued)

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2014 £'000	Total funds 2013 £'000
<b>Governance costs</b>		111	–	111	93
<b>Other resources expended</b>					
Merger and accessibility improvements		–	68	68	309
<b>Total resources expended</b>	6	<b>6,349</b>	<b>2,519</b>	<b>8,868</b>	<b>8,280</b>
<b>Net incoming resources</b>		<b>629</b>	<b>91</b>	<b>720</b>	<b>659</b>
Transfers	17	11	(11)	–	–
Share of operating joint venture profit (loss)		(98)	–	(98)	28
Net investment gains	10	51	–	51	171
Actuarial losses on defined benefit scheme	21	(742)	–	(742)	(929)
<b>Net movement in funds</b>		<b>(149)</b>	<b>80</b>	<b>(69)</b>	<b>(71)</b>
Funds at 1 April 2013		1,953	215	2,168	2,239
Funds at 31 March 2014		<b>1,804</b>	<b>295</b>	<b>2,099</b>	<b>2,168</b>

The statement of financial activities includes all gains and losses recognised in the year. Movements in funds are disclosed in note 17 to the financial statements. The net movement in funds includes £51,000 of unrealised investment gains. Net realised incoming resources for the year were £720,000 (compared with net incoming resources of £659,000 in 2013/14).

The £105,000 movement in the share of joint venture profit arises as result of a revision in the joint venture accounts for 2013/14 after the NCVO accounts were approved.

Summarised results for the parent company are as follows:

	NCVO £'000
Total incoming resources	7,776
Total resources expended	8,290
Net incoming/(outgoing) resources	(514)

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## Group and charity balance sheet for the year ended 31 March 2014

	Notes	Consolidated 2014 £'000	Consolidated 2013 £'000	NCVO 2014 £'000	NCVO 2013 £'000
<b>Fixed assets</b>					
Tangible fixed assets	9	5,186	5,322	5,186	5,322
Investments	10	2,003	1,952	2,003	1,952
Goodwill purchased		18	27		
Investment in joint ventures					
Share of gross assets		48	137		
Share of gross liabilities		(20)	(15)		
Net investment		28	122	-	-
		7,235	7,423	7,189	7,274
<b>Current assets</b>					
Stocks	11	15	49	15	49
Debtors	12	2,112	1,224	2,621	1,484
Cash at bank and in-hand		842	899	292	628
		2,969	2,172	2,928	2,161
<b>Creditors: amounts falling due within one year</b>					
	13	(2,099)	(1,829)	(1,913)	(1,676)
<b>Net current assets</b>		870	343	1,015	485
<b>Total assets less current liabilities</b>		8,105	7,766	8,204	7,759
<b>Creditors: amounts falling due after one year</b>					
	14	(2,178)	(2,262)	(2,178)	(2,262)
<b>Net assets excluding pension liability</b>		5,927	5,504	6,026	5,497
<b>Defined benefit pension scheme liability</b>					
	21	(3,828)	(3,336)	(3,828)	(3,336)
<b>Net assets</b>		2,099	2,168	2,198	2,161
<b>Funds</b>					
<b>Restricted funds</b>		295	215	295	215
<b>Unrestricted funds</b>					
Pension reserve		(3,828)	(3,336)	(3,828)	(3,336)
Designated funds	17	2,885	3,021	2,885	3,021

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## Group and charity balance sheet for the year ended 31 March 2014 (continued)

	Notes	Consolidated 2014 £'000	Consolidated 2013 £'000	NCVO 2014 £'000	NCVO 2013 £'000
General funds		2,747	2,268	2,846	2,261
<b>Total funds</b>	17	2,099	2,168	2,198	2,161

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

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

**Martyn Lewis CBE**  
Chair  
12 September 2014

**Bruce Gordon**  
Treasurer  
12 September 2014

## Group cash flow statement for the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
<b>Net cash inflow</b>	18	180	758
<b>Returns on investments and servicing of finance</b>	19	(6)	6
<b>Capital expenditure - purchase of tangible fixed assets</b>		(180)	(1,961)
<b>- net purchase of investments</b>		-	(120)
<b>Total</b>		??	??
<b>Financing - repayment of mortgage</b>			
<b>-drawdown of building loan</b>		-	1,220
<b>(Decrease)/Increase in cash</b>		??	??
<b>Reconciliation of movement in net cash funds</b>			
(Decrease)/Increase in cash	19	(6)	(97)
Cash used to repay loans/Drawdown		-	(1,220)
<b>Change in net cash funds</b>	20	(6)	(1,317)
<b>Net cash funds at 1 April 2013</b>	20	(1,430)	(113)
<b>Net cash funds at 31 March 2014</b>	20	(1,436)	(1,430)

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# Notes to the financial statements

## 1 Accounting policies

The financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting and reporting by charities (SORP 2005) published in March 2005 and applicable accounting standards and the Companies Act 2006.

### a) Accounting convention

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

### b) Incoming resources

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

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

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

Legacies are recognised when the charity is advised by the personal representatives that payment will be made or property transferred and the amount involved can be quantified unless there are specific conditions preventing receipt, such as life tenancy. At the year end, NCVO was aware of one such legacy property, which has not yet been reflected in the accounts. The property was valued at £295,000 at March 2014 by Barclays Bank Trust Company Limited.

Income from sales is included in the SOFA in the year in which the goods or service is supplied.

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

### c) Allocation of costs

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

### d) Expenditure

#### i) Costs of generating funds

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

#### ii) Charitable expenditure

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

#### iii) Governance costs

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

#### iv) Project overhead allocations

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

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

### e) Grant making

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

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

### f) Rentals

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

### g) Fund accounting

The charity maintains the following funds:

#### i) Restricted funds

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

#### ii) General unrestricted funds

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

#### iii) Designated funds

These represent unrestricted funds allocated by trustees for particular purposes.

### h) Tangible fixed assets

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

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

#### Freehold building

50 years

#### Computer equipment

3 years

#### Fixtures and fittings

10 years

#### Plant and equipment

20 years

Expenditure on the CRM development project is treated as a work in progress and is reflected under 'computer equipment' in note 9. No depreciation has been charged in 2013/14, but once fully implemented the costs will be depreciated over an estimated useful life of five years.

### i) Investments

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

### j) Goods and services

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

### k) Operating leases expenditure

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

### l) Joint ventures

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

### m) Goodwill

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

### n) Stocks

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

### o) Pension scheme

The charity operates two pension schemes.

#### i) Defined contribution scheme

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

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*ii) Defined benefit scheme*

NCVO's defined benefit scheme was closed to future accrual on 31 March 2011. The SOFA is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is included as part of this charge.

Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions are included in the other gains and losses section of the SOFA.

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

**p) Consolidation**

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

## 2 Incoming resources from charitable activities

	Membership subscriptions, conference delegate fees and charitable purpose contracts	Unrestricted grants and sponsorships	Restricted grants and sponsorships	Total	Total
	2014	2014	2014	2014	2013
	£'000	£'000	£'000	£'000	£'000
Membership subscriptions	931	-	-	931	836
Advisory services and information	1,068	28	1,496	2,592	2,608
Campaigns and communications	9	21	610	640	601
Education and training	317	91	197	605	349
Policy	20	-	13	33	-
Research	183	-	207	390	252
<b>Total</b>	<b>2,528</b>	<b>140</b>	<b>2,523</b>	<b>5,191</b>	<b>4,646</b>

	Total Funds 2014	Total funds 2013
	£'000	£'000
<b>2 Grant and project income</b>		
<b>Unrestricted</b>		
Ecclesiastical Insurance Group – KnowHow NonProfit	28	27
Pureprint – Evolve	16	-
M&G Investments Ltd – Evolve	15	-
Scottish Widows – Evolve	15	-
Other unrestricted income under £15,000	66	85
<b>Total unrestricted</b>	<b>140</b>	<b>112</b>
<b>Restricted</b>		
Barclays Leadership Programme – Governance and Leadership	66	64
Clothworkers Foundation – Governance Forum and Code	7	14
New Philanthropy Capital – Inspiring Impact	15	21
Big Lottery Fund – Sustainable Funding Project	-	273
Voluntary Norfolk – Sustainable Funding Project	-	13
Department for the Environment, Food and Rural Affairs – Climate Change Unit	-	40
City Bridge Trust – Climate Change	21	49
Big Lottery Fund – Value of Infrastructure Programme	-	71
Big Lottery Fund – KnowHow NonProfit	-	216
Arts Council – Cultural Commissioning	310	-
Department of Health – Volunteering in Care Homes	170	-
Lloyds TSB Foundation for England and Wales – Community Engagement Programme	-	45
Big Lottery Fund – Stronger Communities	477	206
Big Lottery Fund – IVR Stronger Communities	65	15
Dimpleby Cancer Care and Marie Curie Cancer Care – Volunteering and Palliative Care Research	14	17
Nesta – Innovation in Giving	16	-
Nesta – IVR Innovation	35	-
Nesta – IVR Micro-volunteering	15	-
Office for Civil Society – Compact Voice	363	358
Ministry of Justice – Skills and Information Workshops	21	-
Office for Civil Society – Masterclasses	176	-
Skills Third Sector – Workforce Research	-	31
Charities Aid Foundation – Charitable Giving	11	11
Joseph Rowntree Foundation – Strengthening the Voluntary Sector's Voice in Welfare Reform	13	-
Calouste Gulbenkian Foundation – It's Our Community	35	35

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## 2 Incoming resources from charitable activities (continued)

	Total Funds 2014 £'000	Total funds 2013 £'000
<b>2 Grant and project income (continued)</b>		
Commonwealth Foundation – People Together	28	-
European Parliament – EU: What Does it Mean for You?	24	-
British Council – Young Leaders Exchange	19	-
European Commission – European Network of National Associations	-	100
The Charles Stewart Mott Foundation – European Network of National Associations	-	25
Department for Work and Pensions – European Social Fund	373	302
Foreign and Commonwealth Office – Arab Partnership: Building Bridges	132	81
Other grants under £15,000	117	51
<b>Total restricted</b>	<b>2,523</b>	<b>2,038</b>
<b>Total grants and project income</b>	<b>2,663</b>	<b>2,150</b>

## 3 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2014 £'000	Total funds 2013 £'000
Core grant	500	-	500	469
Merger and accessibility improvements	-	79	79	181
Donations through Charities Aid Foundation	1,439	-	1,439	1,233
Legacies	-	-	-	1
Other donations and voluntary income	3	8	11	45
	<b>1,942</b>	<b>87</b>	<b>2,029</b>	<b>1,928</b>

## 4 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2014 £'000	Total funds 2013 £'000
Brokered services	413	-	413	345
Fees for services	743	-	743	401
Conference suite hire	1,056	-	1,056	944
Publications	85	-	85	63
Share of joint venture turnover	89	-	89	84
	<b>2,386</b>	<b>-</b>	<b>2,386</b>	<b>1,837</b>

## 5 Investment Income

	Unrestricted funds 2014 £'000	Restricted funds 2014 £'000	Total funds Total 2014 £'000	Total funds Total 2013 £'000
Dividends	71	-	71	70
Bank interest	-	-	-	-
	<b>71</b>	<b>0</b>	<b>71</b>	<b>70</b>

## 6 Resources expended

	Staff costs £'000	Premises costs £'000	Grant making £'000	Support costs £'000	Other expenses £'000	Total 2014 £'000	Total 2013 £'000
Costs of generating funds	704	46	-	79	155	984	1,215
Advisory services and information	2,263	143	502	258	864	4,030	3,383
Campaigns and communications	1,163	74	-	136	598	1,971	2,151
Education	197	13	-	27	379	616	334
Policy	203	14	-	26	5	248	175
Research	583	38	17	69	124	831	620
Merger and accessibility improvements	-	-	-	-	68	68	309
Governance costs	57	-	-	-	54	111	93
Costs of generating funds – Joint Venture	-	-	-	-	9	9	-
Total 2014	<b>5,170</b>	<b>328</b>	<b>519</b>	<b>595</b>	<b>2,256</b>	<b>8,868</b>	<b>-</b>
Total 2013	<b>4,834</b>	<b>436</b>	<b>199</b>	<b>541</b>	<b>2,270</b>	<b>-</b>	<b>8,280</b>

Other expenses include commissioning £1,161,000 (compared with £1,210,000 in 2013/14) consumables £293,000 (compared with £328,000 in 2013/14) and events £358,000 (2013: £159,000).

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

Support costs are made up of the following expenditure:

	2014 £'000	2013 £'000
Rent and other accommodation costs	241	215
Travel costs	31	36
Telephone, printing, postage and stationery	51	54
Equipment and IT costs	107	84
Professional fees and consultancy	157	140
Other overheads	8	10
	<b>595</b>	<b>539</b>

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## 6 Resources expended (continued)

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

	Total funds 2014 £'000	Total funds 2013 £'000
<b>Volunteering for Stronger Communities</b>		
2D	10	17
Volunteer Centre Camden	37	12
Oxfordshire Community and Voluntary Action	26	12
Volunteer Bristol	26	13
Tamworth CVS	25	13
Voluntary Action Islington	25	12
Blackburn with Darwen CVS	30	14
Volunteer Cornwall	28	14
Nottingham Community and Voluntary Service	21	11
Volunteer Centre Sutton	19	11
Exeter CVS	28	11
Volunteer Centre Liverpool	37	12
Voluntary Action Sheffield	19	13
Volunteer Centre Dacorum	38	4
South Lincolnshire Community and Voluntary Service	25	12
	<b>394</b>	<b>181</b>
<b>Volunteering for Stronger Communities (IVR)</b>		
Volunteer Centre Liverpool	1	-
Exeter CVS	1	-
North Devon Voluntary Services Ltd	1	-
	<b>3</b>	<b>-</b>
<b>Volunteering and palliative care research</b>		
Lancaster University	14	8
	14	8
<b>Volunteering in Care Homes</b>		
Voluntary Action Oldham	5	-
South Derbyshire CVS	5	-
Blackburn with Darwen CVS	4	-
Shropshire RCC	4	-
Volunteer Centre Westminster	4	-
	<b>21</b>	<b>-</b>

## 6 Resources expended (continued)

	Total funds 2014 £'000	Total funds 2013 £'000
<b>Cultural Commissioning</b>		
NEF Consulting	22	-
Mission Models Money	6	-
New Philanthropy Capital	60	-
Local Government Information Unit	1	-
	<b>89</b>	<b>-</b>
<b>Almanac</b>		
Third Sector Research Centre	-	10
	<b>-</b>	<b>10</b>
Total grants and partnership fees paid	<b>519</b>	<b>199</b>

## 7 Employees

	2014 £'000	2013 £'000
Wages and salaries	4,038	3,774
Social security	395	362
Pension costs	367	338
Redundancy costs	38	122
Temporary staff and staff training	328	238
	<b>5,166</b>	<b>4,834</b>

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

	2014 Number	2013 Number
Generating funds	14	14
Advisory services and information	47	41
Campaigns and communications	24	30
Education and training	4	4
Policy	5	3
Research	12	8
	<b>106</b>	<b>100</b>

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

	2014 Number	2013 Number
£60,000–£70,000	-	1
£70,000–£80,000	1	1
£80,000–£90,000	1	1
£90,000–£100,000	1	1
£120,000–£130,000	1	1

Three of the above staff are members of the defined contribution pension scheme (compared with five in 2013/14). An equivalent contribution is paid into a pre-existing personal pension plan for the chief executive, under arrangements agreed by the board when the defined benefit scheme was closed. None are currently paying contributions into the defined benefit scheme. The pension costs for these employees are £30,000 (compared with £26,000 in 2013/14).

In the summer of 2013, NCVO set up an independent inquiry panel to assist charity trustees in exercising their responsibility for setting the pay of their senior executives. In April 2014, the inquiry published guidance for trustees on setting pay for senior staff in charities. NCVO complies with this guidance. In addition to the regulatory requirement to publish the number of employees in pay bands over £60,000, we also publish the names, roles and exact remuneration of our senior management team, along with an explanation of how we set salaries for the senior management team and other NCVO staff. These details for 2013/14 are included in the trustees' report, and the current information can be found online at [www.ncvo.org.uk/about-us/finances-pay](http://www.ncvo.org.uk/about-us/finances-pay).

## 8 Net incoming / (outgoing) resources for the year

This is stated after charging:	2014 £'000	2013 £'000
Auditor's remuneration		
- audit fees	22	22
- other	3	25
Depreciation	316	281
Amortisation of goodwill	9	9
Bank charges	14	11
Bank interest		
- on commercial mortgage	63	53
- on building loan	7	7
Trustees' expenses	-	153
Operating lease – Birchall House	153	153

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

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

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

	Subsistence	UK travel	Network	Overseas travel	Other	Total claimed 2014
Chief Executive's Office	-	8,138	8,852	167	221	17,378
Director of Public Policy	650	1,848	1,362	-	58	3,919
Executive Director of Volunteering and Development	11	1,835	660	(1,130)	76	1,452
Director of Planning and Resources	-	319	-	-	57	376
Director of Enterprise	19	1,478	2,794	-	77	4,368
<b>Total</b>	<b>681</b>	<b>13,619</b>	<b>13,668</b>	<b>(963)</b>	<b>489</b>	<b>27,494</b>
Trustees	996	3,307	2,829	-	314	7,446
Members' Assembly	-	2,742	-	-	-	2,742

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

Travel and subsistence expenses reimbursed to seven trustees in the period amounted to £7,446 (compared with £7,338 in 2013/14), including amounts paid directly by NCVO. Travel and subsistence expenses incurred by other Members' Assembly members amounted to £2,742 (compared with £2,761 in 2013/14).

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## 9 Tangible fixed assets (group and charity)

	Freehold land and buildings £'000	Plant and equipment £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>					
At 1 April 2013	4,899	807	968	1,840	8,514
Additions	21	22	88	49	180
Disposals	-	-	-	-	-
Transfer upon completion	-	-	-	-	-
At 31 March 2014	4,920	829	1,056	1,890	8,694
<b>Depreciation</b>					
At 1 April 2013	1,324	20	833	1,015	3,192
Charge for the year	98	41	70	108	316
Disposals	-	-	-	-	-
At 31 March 2014	1,422	61	902	1,123	3,508
<b>Net book value</b>					
At 31 March 2013	3,575	787	135	825	5,322
At 31 March 2014	3,498	768	154	767	5,186

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

Expenditure on the CRM development project is reflected under 'computer equipment' in note 9. No depreciation is charged in 2013/14, as the project will not be fully implemented until late 2014.

## 10 Investments (group and charity)

	Cash deposits £'000	Listed £'000	Total £'000
<b>Market value</b>			
At 1 April 2013	-	1,952	1,952
Additions	-	-	-
Disposal proceeds	-	-	-
Realised losses	-	-	-
Unrealised investment gains/(losses)	-	51	51
At 31 March 2014	-	2,003	2,003
<b>Cost</b>			
At beginning of year		1,501	1,501
At end of year		1,721	1,721

## 10 Investments (group and charity) (continued)

	2014 £'000	2013 £'000
<b>Being at market value</b>		
Investment assets in the United Kingdom	1,305	1,040
Investment assets outside the United Kingdom	698	912
	2,003	1,952
<b>The following funds have a value of 5% or greater of the total NCVO portfolio</b>		
Alpha CIF for Endowments	1,615	1,554
Alpha CIF for Income and Reserves	378	388
Sterling cash	-	-
Other holdings less than 5%	10	60
Total	2,003	1,952

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

## 11 Stocks

	Consolidated 2014 £'000	Consolidated 2013 £'000	NCVO 2014 £'000	NCVO 2013 £'000
Publications	13	47	13	47
Stationery	2	2	2	2
	15	49	15	49

## 12 Debtors

	Consolidated 2014 £'000	Consolidated 2013 £'000	NCVO 2014 £'000	NCVO 2013 £'000
Debtors	1,310	685	1,036	489
Accrued income	706	443	591	366
Amount due from subsidiary	-	-	898	534
Prepayments	96	96	96	95
	2,112	1,224	2,621	1,484



## 13 Creditors: amounts falling due within one year

	Consolidated 2014 £'000	Consolidated 2013 £'000	NCVO 2014 £'000	NCVO 2013 £'000
Bank loan (secured – see note 14)	128	87	128	87
Taxation and social security	249	235	185	170
Other creditors	312	173	300	167
Accrued expenditure	412	464	363	448
Deferred income	998	870	937	804
	2,099	1,829	1,913	1,676

Deferred income consists of:	Consolidated 2014 £'000	Consolidated 2013 £'000	NCVO 2014 £'000	NCVO 2013 £'000
Deferred income	418	499	357	433
Membership subscriptions	580	371	580	371
	998	870	937	804

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

	Consolidated 2014 £'000	Consolidated 2013 £'000	NCVO 2014 £'000	NCVO 2013 £'000
Membership deferred over one year	28	20	28	20
Bank loan (secured)	2,150	2,242	2,150	2,242
	2,178	2,262	2,178	2,262
<b>Analysis of loan repayments</b>				
Within one year	128	87	128	87
Between one and two years	128	117	128	117
Between two and five years	384	349	384	349
After five years	1638	1776	1638	1776
Balance at 31 March 2014	2,278	2,329	2,278	2,329

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 2013/14. The loan is secured by legal mortgage over the property.

## 15 Operating leases

NCVO has an operating lease with Oce Finance Limited (to finish in May 2014) and GE Finance (to commence in May 2014) for multi-functional devices, which provide photocopying, printing and document scanning facilities.

	Consolidated 2014 £'000	Consolidated 2013 £'000
Oce Finance Limited/GE Finance	12	14

Lease commitments by expiry date	Property £'000	Other £'000	Total £'000
Within one year	-	12	12
More than one year	-	23	23
Total	-	35	35

## 16 Analysis of net group assets

	Unrestricted General £'000	Unrestricted Designated £'000	Restricted £'000	Total funds excluding pension fund £'000	Pension fund £'000	Total £'000
Tangible fixed assets	-	5,186	-	5,186	-	5,186
Investments	2,003	-	-	2,003	-	2,003
Net current assets (excluding loan)	744	(23)	295	1,016	-	1,016
Pension fund	-	-	-	-	(3,828)	(3,828)
Loans	-	(2,278)	-	(2,278)	-	(2,278)
Total	2,747	2,885	295	5,927	(3,828)	2,099

NCVO's readily realisable reserves of £2.678m are made up of investments and net current assets, adjusted for loans.

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## 17 Movement in group 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 2013 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net gains and losses £'000	Balance 31 Mar 2014 £'000
<b>Designated funds</b>						
Fixed assets	2,993	-	-	(136)	-	2,857
Property maintenance	28	-	-	-	-	28
<b>Total designated funds</b>	<b>3,021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,885</b>
General funds	2,268	6,880	(6,349)	(103)	51	2,747
Pension reserves	(3,336)	-	-	250	(742)	(3,828)
<b>Total unrestricted funds</b>	<b>1,953</b>	<b>6,880</b>	<b>(6,349)</b>	<b>11</b>	<b>(691)</b>	<b>1,804</b>

	Balance 1 April 2013 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net gains and losses £'000	Balance 31 Mar 2014 £'000
<b>Restricted funds</b>						
Merger between NCVO and Volunteering England	-	29	(18)	(11)	-	-
Accessibility works: City Bridge Trust	-	50	(50)	-	-	-
Climate Change Unit: City Bridge Trust	-	21	(1)	-	-	20
Climate Change Unit: Environment Agency	8	-	(8)	-	-	-
KnowHow NonProfit: Big Lottery Fund	18	-	(18)	-	-	-
Cultural Commissioning: Arts Council England	-	310	(182)	-	-	128
Volunteering in Care Homes: Department of Health	-	170	(137)	-	-	33
Governance and Leadership: Barclays	-	66	(66)	-	-	-
Governance: Code	7	-	(1)	-	-	6
Governance: Forum	-	7	(7)	-	-	-
Inspiring Impact Programme: New Philanthropy Capital	-	15	(15)	-	-	-
Compact Voice	5	363	(368)	-	-	1
Local Policy Engagement: Lloyds Bank Foundation for England and Wales	45	-	(42)	-	-	3
Skills and Information Workshops - Ministry of Justice	-	21	(21)	-	-	-

## 17 Movement in group funds (continued)

	Balance 1 April 2013 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net gains and losses £'000	Balance 31 Mar 2014 £'000
<b>Restricted funds (continued)</b>						
Masterclasses – Office for Civil Society	-	176	(167)	-	-	9
Strengthening the Voluntary Sector's Voice in Welfare Reform: Joseph Rowntree Foundation	-	13	(13)	-	-	-
Charitable Giving research	-	11	(11)	-	-	-
Stronger Communities: Big Lottery Fund	8	83	(56)	-	-	35
Stronger Communities: Big Lottery Fund payments to partners	-	394	(394)	-	-	-
Stronger Communities: Big Lottery Fund (IVR)	16	65	(77)	-	-	4
IVR Marie Curie: Marie Curie Cancer Care	14	14	(28)	-	-	-
IVR Innovation: NESTA	-	35	(35)	-	-	-
Innovation in Giving: NESTA	8	16	(24)	-	-	-
European Social Fund: Department of Work and Pensions	-	373	(373)	-	-	-
Arab Partnership: Building Bridges: Foreign and Commonwealth Office	-	132	(132)	-	-	-
It's Our Community: Calouste Gulbenkian Foundation	18	35	(53)	-	-	-
People Together – Commonwealth Foundation	-	28	(28)	-	-	-
EU: What does it mean for You: European Parliament	-	24	(24)	-	-	-
Young Leaders Exchange – British Council	-	19	(19)	-	-	-
Working for a Charity bursaries: CSIS Charity Fund	6	-	-	-	-	6
Leadership (legacy)	9	-	(1)	-	-	8
Various: William Plowden Fellowship	50	8	(18)	-	-	40
Other restricted grants and donations under £20,000	2	132	(132)	-	-	2
<b>Total</b>	<b>215</b>	<b>2,610</b>	<b>(2,519)</b>	<b>(11)</b>	<b>-</b>	<b>295</b>
<b>Total funds</b>	<b>2,168</b>	<b>9,945</b>	<b>(9,216)</b>	<b>-</b>	<b>(691)</b>	<b>2,206</b>

The total income figure of £9,157k includes the actuarial loss of £742k referenced in the SOFA. The total income includes the net investment gain of £51k also referenced in the SOFA.

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## Designated funds

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

### Fixed assets

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

### Property maintenance

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

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

### Climate Change Unit: City Bridge Trust

Funding to help voluntary sector organisations respond to changing demands from vulnerable people as a consequence of climate change.

### Cultural Commissioning: Arts Council England

3-year programme funded by Arts Council England to:

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

### Volunteering in Care Homes: Department of Health

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

### Governance: Code

For the provision of ongoing stewardship of the Code.

### Compact Voice

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

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

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

### Masterclasses: Office for Civil Society

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

### Stronger Communities: Big Lottery Fund

To use volunteering to help communities to tackle the effects of the economic downturn and subsequent public spending reductions whilst building and strengthening the capacity of the volunteering infrastructure to provide more effective support to communities in future.

### Stronger Communities: Big Lottery Fund (IVR)

To explore the role that volunteering can play in helping communities to cope with future recessions and public spending cuts.

### Working for a Charity bursaries: CSiS Charity Fund

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

### Leadership (legacy)

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

### William Plowden Fellowship

Fellowship to take up themes of good governance.

### Other funds

NCVO also manages other charitable funds on behalf of other trusts through its investment managers, Sarasin and Partners LLP. The total value of the investments, which are held in a separate portfolio, stands at £1.5m. In addition, £196,000 is held in a separate bank account. These funds are excluded from NCVO's accounts.

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

	2014 £'000	2013 £'000
Net incoming resources for the year	720	659
Investment income and interest paid	6	(6)
Depreciation	325	281
Decrease/(Increase) in stocks	34	(15)
Decrease/(Increase) in debtors	(799)	(291)
Increase/(decrease) in creditors	242	367
Non-cash difference between contributions paid and current service costs less finance income	(251)	(261)
Share of net income from joint ventures	(98)	24
Net cash inflow from operating activities	180	758

## 19 Gross cash flows

Returns on investments and servicing of finance	2014 £'000	2013 £'000
Interest received	-	-
Interest and bank charges paid	(77)	(64)
Investment income – dividends	71	70
	(6)	6

## 20 Analysis of changes in net debt

	At 1 April 2013 £'000	Cashflows £'000	At 31 March 2014 £'000
Cash at bank and in-hand	899	(57)	842
Debt due within one year	(87)	(41)	(128)
Debt due after more than one year	(2,242)	92	(2,150)
Total net cash funds	(1,430)	(6)	(1,436)

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## 21 Defined benefit pension scheme

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

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

\* The trustee board agreed to the adoption of CPI (RPI Inflation assumption – 3.3%)

	Long term rate of return expected 2014 %	Value 2014 £'000	Long term rate of return expected 2013 %	Value 2013 £'000	Long term rate of return expected 2012 %	Value 2012 £'000	Long term rate of return expected 2011 %	Value 2011 £'000
Equities	7.0	7,210	7.3	7,166	8.0	6,497	8.4	5,683
Bonds	3.4	9,044	3.7	8,400	5.1	7,802	4.7	7,597
Property	6.0	1,205	6.3	1,093	7.0	1,035	7.4	970
Cash	0.5	41	0.5	42	0.5	64	0.5	106
Total market value of assets		17,500		16,701		15,398		14,356
Present value of scheme liabilities		21,328		20,037		18,066		16,887
Surplus/(Deficit) in the scheme equalling the net pension liability		(3,828)		(3,336)		(2,668)		(2,531)

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
<b>Analysis of the amount charged to the statement of financial activities for service costs</b>				
Current service cost	111	92	83	164
Past service cost	-	-	-	-
Total operating charge	111	92	83	164
<b>Net finance income credited to staff costs</b>				
Expected return on pension scheme assets	848	823	872	867
Interest on pension scheme liabilities	(872)	(855)	(918)	(904)
Net return	(24)	(32)	(46)	(37)
Total	135	124	129	201

## 21 Defined benefit pension scheme (continued)

Analysis of actuarial loss recognised in statement of financial activities	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	139	701	391	69
Experience gains and losses arising on the scheme liabilities	(1191)	30	-	(645)
Changes in assumptions underlying the present value of scheme liabilities	310	(1660)	(672)	865
Actuarial gain /(loss)	(742)	(929)	(281)	289

Movement in deficit during the year	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Surplus/(Deficit) in scheme at beginning of year	(3336)	(2668)	(2531)	(3024)
Current service cost	(111)	(92)	(83)	(164)
Contributions	385	385	273	393
Past service costs	-	-	-	-
Gains on curtailment*	-	-	-	12
Other finance income	(24)	(32)	(46)	(37)
Actuarial loss	(742)	(929)	(281)	289
Deficit in scheme at end of the year	(3828)	(3336)	(2668)	(2531)

\*The Curtailment item represents the impact of the scheme closing to accrual at 31 March 2011.

History of experience gains and losses	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Difference between the expected and actual return on scheme assets	139	701	391	69	1,994
% of scheme assets	0.8	4.2	2.5	0.5	14.6
Experience gains and losses on scheme liabilities	(1,191)	30	-	(645)	(6)
% of the present value of scheme liabilities	(5.6)	0.1	-	(3.8)	-

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## 21 Defined benefit pension scheme (continued)

Changes in the present value of the defined benefit obligation	2014 £'000	2013 £'000
<b>Opening defined benefit obligation</b>	<b>20,037</b>	<b>18,066</b>
Service cost	111	92
Interest cost	872	855
Contributions by employees	-	-
Past service costs – vested benefits	-	-
Past service costs – non-vested benefits	-	-
Losses/(gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Actuarial losses/(gains)	881	1630
Disbursements	(573)	(606)
<b>Closing defined benefit obligation</b>	<b>21,328</b>	<b>20,037</b>

Changes in the fair value of the scheme assets	2014 £'000	2013 £'000
<b>Opening fair value of the scheme assets</b>	<b>16,701</b>	<b>15,398</b>
Expected return	848	823
Assets distributed on settlements	-	-
Actuarial gains/(losses)	139	701
Contributions by employer	385	385
Contributions by employees	-	-
Distributions	(573)	(606)
<b>Closing fair value of the scheme assets</b>	<b>17,500</b>	<b>16,701</b>
<b>Actual return on scheme assets</b>	<b>987</b>	<b>1,524</b>

Assumed life expectations on retirement at age 65 are:	2014	2013
<b>Pensioners</b>		
Males	88.1	88.33
Females	90.1	90.28
<b>Non pensioners</b>		
Males	90.3	90.54
Females	92.0	92.22

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

## 22 Taxation

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

## 23 Related parties

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

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

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

NCVO also holds an investment of 33% in Trustees Unlimited LLP, a related party joint venture between NCVO Trading Limited, Russam GMS and Bates Wells Braithwaite, which each hold a third of the shares. This investment was purchased in 2009/10 at a cost of £1,000, which was repaid by the LLP during 2010/11.

The wife of Sir Stuart Etherington, chief executive of NCVO, is an equity partner with Bates Wells Braithwaite London LLP, NCVO's legal advisers. NCVO has a policy in place to avoid any potential conflicts of interest arising by ensuring that that any decision to enter into a new business relationship with Bates Wells Braithwaite is approved by the chair or, in his absence, the deputy chair or honorary treasurer. All significant elements of work involving Bates Wells and Braithwaite are overseen by the director of planning and resources, and reported to the chair and honorary treasurer on a regular basis. Professional fees of £24,033 were paid to Bates Wells Braithwaite during the year for legal advice. There was an outstanding balance owed at 31 March 2014 of £4,437. NCVO jointly runs its annual Trustee Conference with Bates Wells Braithwaite and is a partner with them in CaSE (Charity and Social Enterprise Insurance Management LLP) and Trustees Unlimited LLP.

## 24 Subsidiary and parent company results

The charity owns 100% of the issued share capital in NCVO Trading Limited. The company made a profit of £1,152,000 for the year ended 31 March 2014. The investment at cost is £1.

	2014 £'000	2013 £'000
<b>Summary profit and loss account</b>		
Turnover	1,717	1,465
Cost of sales	(521)	(738)
Gross profit	1,196	727
Other operating income	-	12
Expenditure	(44)	(46)
Net profit before Gift Aid	1,152	693
Gift Aid to NCVO	(1,152)	(693)
<b>Summary balance sheet</b>		
Fixed Assets – Investments	145	145
Debtors	355	271
Cash at bank and in-hand	550	271
	965	687
Creditors: amounts falling due within one year	(1,050)	(1,061)
Creditors: amounts falling due after one year	-	-
Net assets	-	-

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