

Annual Report and Accounts 2011/12



National Council for Voluntary Organisations

Report and financial statements for the year ended 31 March 2012

Company number: 198344
Charity number: 225922

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Reference and administrative details of the charity, its trustees and advisers

Patron

Her Majesty the Queen

President

Lord Hodgson of Astley Abbotts CBE

NCVO Trustee Board

Honorary officers

Chair

Martyn Lewis CBE

Vice Chair

Jo Ash

Honorary Treasurer

Helen Simmons

Trustees

Margaret Coleman

Jamie Dear

Dominic Fox

Bruce Gordon

Fazilet Hadi

Matt Hyde

Julian Mason

Jonathan Moore

Tom Mullarkey MBE

Alison Roylance-White

Dame Clare Tickell

Appointed 29 May 2012

Appointed 10 November 2011

Resigned 25 January 2012

Resigned 6 May 2011

Resigned 29 September 2011

HR and remuneration committee

Chair

Martyn Lewis CBE (Trustee)

Trustees

Julian Mason

Tom Mullarkey MBE

Resigned 25 January 2012

Independents

Wendy Blake Ranken

Ann Cummins

Audit and risk committee

Chair

David Locke (Independent)

Trustees

Jo Ash

Margaret Coleman

Alison Roylance-White

Helen Simmons

Appointed 6 May 2011

Resigned 6 May 2011

Independents

Pesh Framjee

Peter Heap

Nominations committee

Chair

Martyn Lewis (Trustee)

Trustees

Jo Ash

Dominic Fox

Jonathan Moore

Independents

Erica De'Ath

Jane Slowey

Chief Executive

Sir Stuart Etherington

Company Secretary

Sarah Welsh

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NCVO Members' Assembly

Electoral college

Business and professional associations, unions
 Business and professional associations, unions
 Culture and recreation
 Culture and recreation
 Economic development and housing
 Economic development and housing
 Education, employment and training, research
 Education, employment and training, research
 Environment and animal welfare
 Environment and animal welfare
 Equality of opportunity, law and advocacy
 Equality of opportunity, law and advocacy
 Health
 Health
 International activities
 International activities
 Religion
 Religion
 Resource and umbrella organisations
 Resource and umbrella organisations
 Social services
 Social services
 Eastern
 Eastern
 East Midlands
 East Midlands
 London
 London
 North-east
 North-east
 North-west
 North-west
 South-east
 South-east
 South-west
 South-west
 West Midlands

Name

John Martin
 Rekha Wadhvani
 Robin Simpson
 Sydney Thornbury
 Heather Petch OBE
 Lesley Wolfenden
 Emma Cox
 Catherine McGrath
 Ron Fern
 Anne Robinson
 Simon Johnson
 Teresa Perchard
 Karen Bollan
 Lindsay Hayes
 Vijay Krishnarayan
 Nick Roseveare
 Andrew Davey
 Simon Kingston
 Caron Bradshaw
 Sally Whitaker
 Sarah King
 Hugh Thornbery
 Kate Belinis
 Heather Farley
 Jenny Hand
 Esther Jones
 Ruth Mordi
 Tim Wilson
 Lisa Gardiner
 Sally Young
 Penelope Fell
 Barbara Lowndes MBE
 Ray Kipling
 Caroline Shaw
 Tarn Lamb
 Stephen Woollett
 Marcia Lewinson

Appointed

18 February 2009
 10 November 2011
 26 November 2008
 10 November 2011
 26 November 2008
 10 November 2011
 18 February 2009
 18 February 2009
 18 February 2009 – February 2012
 26 November 2008
 25 November 2009
 18 February 2009
 26 November 2008
 18 February 2009
 18 February 2009
 25 November 2009 – April 2012
 18 February 2009 – January 2012
 18 February 2009
 24 November 2010
 18 February 2009
 26 November 2008
 10 November 2011
 10 November 2011
 10 November 2011
 18 February 2009
 18 February 2009
 25 November 2009 – May 2012
 24 November 2010
 24 November 2010
 18 February 2009
 18 February 2009

Electoral college

West Midlands
 Yorkshire and Humberside
 Yorkshire and Humberside

Name

Doreen Osbourne-Lamont
 Steve Hopewell
 Penny Stanley

Appointed

26 November 2008
 18 February 2009
 18 February 2009

Auditors

PKF (UK) LLP

Bankers

Barclays Bank PLC

Investment managers

Sarasin & Partners LLP

Registered office and operational address

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

Registered charity no. 225922

Company registration no. 198344

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From the chair

This year has been one of significant upheaval for NCVO, as for many in the sector, as we adjust to changes in our funding, and build financial sustainability.

The beginning of the year saw us implementing a leaner staffing structure, having said goodbye to about one-third of our staff. We took the opportunity to create a more joined-up and efficient NCVO, so that we could continue to improve the support we give our members and provide an effective voice for the sector.

During the year, we were delighted to be joined by colleagues from KnowHow NonProfit (KHNP) and the Third Sector European Network (TSEN), both improving NCVO's online presence and increasing our impact in supporting the sector.

We have, as always, endeavoured to be a strong voice for the sector, influencing debate on a number of

important issues. Most notable was the ultimately successful Give It Back, George campaign against the Chancellor's so-called charity tax. What was striking about this campaign was the use of social media to build support, even as the proposals were announced, and the powerful lobby created by various arms of our sector working closely together.

In May we saw the scaffolding go up around our building, in preparation for the addition of a new floor. This has been a major project, enabling us to create a hub in which space will be rented to other voluntary organisations, and to refresh our conference facilities. At the same time, we upgraded our IT infrastructure to enable staff to work more flexibly. All staff have worked

together to minimise the impact of the on-site building works, and we must thank our Conference Suite users for their loyalty through this period. As the newly named Society Building emerges from its wrappings, we look forward to sharing the bright new space with new neighbours, as well as existing partners.

Of course, it is our members who are the bedrock of the organisation. Despite the financial pressures on so many, we closed the year with 8,231 members. It was a pleasure to see so many of you at our events, where highlights included a mesmerising Hinton Lecture by Senator George Mitchell, and a riveting session on the challenges of creating civil society in the new emerging democracies of North Africa, in

which we hope NCVO will be able to play a growing part.

I was pleased that so many engaged in our Policy Review – we had in excess of 200 responses to the initial consultation and over 250 members engaging in a group on the social network Yammer, discussing the key policy issues that are shaping our work for and on behalf of members, and the sector in general.

Our first wiki platform was launched on KnowHow NonProfit, with content covering collaborative working, commissioning and procurement, and setting up a charity. The web team, collaborating with the Sustainable Funding Project, created a resource on the KHNP website explaining social investment as an

income source. Social Investment Made Simple received over 1,000 visits in its first 24 hours, and has helped to push KHNP's unique visitors for the year to over 730,000.

We continued to develop our main website, which this year saw an increase of nearly a third in unique visitors, and which has 6,825 registered users. Our sustainable funding web pages received visits from over 91,000 unique visitors over the year and Funding Central, which provides free access to thousands of funding and finance opportunities, continues to grow, with an average of 1,250 new users registering each month, bringing the total up to 43,000. NCVO's two main Twitter accounts now have 15,777 followers.

Looking ahead, we are in discussion with Volunteering England about a potential merger. The vision and values of NCVO and Volunteering England are closely aligned. By joining forces we will create a stronger voice and better support for voluntary organisations and volunteering.

Last, but by no means least, I would like to pay tribute to Sir Stuart Etherington, his talented senior management team and our strong-minded board of trustees for maintaining NCVO's cutting edge in these rapidly changing times for the voluntary sector.

Martyn Lewis CBE
Chair

The Trustee Board presents its annual report and the audited financial statements for the year ended 31 March 2012.

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

Structure, governance and management

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

Full membership of NCVO is open to voluntary organisations that comply with the criteria for membership. In addition there are affiliate categories of membership for public sector and corporate bodies. NCVO's Trustee Board is responsible for managing the business of NCVO as outlined in the Articles of Association.

NCVO is governed by a board of 12 trustees, including three honorary officers (chair, vice chair and treasurer). The chair, treasurer and seven trustees are directly elected from the membership. Three additional trustees are co-opted by the Board to ensure the right mix of skills and experience. One of the trustees is elected to fill the vice chair honorary officer position by the

Board. Trustees serve for a term of three years, with a maximum of two terms to be served.

The following committees report to the Board:

- a nominations committee to facilitate diversity in the governance structure, ensure the right mix of skills and experience, and supervise the democratic process
- a HR and remuneration committee to consider HR policy and related matters
- an audit and risk committee to provide independent advice and assurance on risk, control and governance matters.

NCVO also has a Members' Assembly, a forum to contribute to the development of, and advise the Board on, sector policy issues. The Assembly meets twice a year to debate policy issues of relevance to the sector, and is chaired by the chair of the Trustee Board. Forty members of the Assembly are selected by NCVO's membership through a system of national thematic and regional electoral colleges. Ten members of the Assembly are elected by the Assembly to ensure the skills and experience encompass the breadth of civil society. Members of the Members' Assembly serve for a term of three years, with a maximum of two terms to be served.

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

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 the senior

management team, discussing the environment in which NCVO operates and the organisation's future plans.

The Trustee Board is supported by a management team and a staff of 90 employees, organised into three departments:

- **public policy and communications** comprises NCVO's policy and research activities, together with the communications and information team, partnerships (including the Compact and Public Service Delivery Network) and our international function
- **enterprise and development** includes the majority of NCVO's advisory, information and education work (both grant-funded and consultancy), the business development activities, which are responsible for increasing NCVO's unrestricted earned income in order to support its vision, and the team responsible for membership
- **planning and resources** comprises NCVO's internal support services and is responsible for the organisational planning process and servicing of the governance structure.

The senior management team comprises:

Chief Executive

Sir Stuart Etherington

Deputy Chief Executive and Director of Public Policy and Communications

Ben Kernighan

Director of Enterprise and Development

Richard Williams

Director of Planning and Resources

Coral Newton / Sarah Welsh (Job share)

Sarah Welsh is also the company secretary.

President

Lord Hodgson of Astley Abbots CBE is the president of NCVO.

The president acts as an ambassador for NCVO and is elected by the members for a non-renewable term of five years. Lord Hodgson was elected in November 2007.

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Objectives and activities

NCVO champions and strengthens the voluntary sector. The sector improves the world around it, providing the foundation of a good society and inspiring people to make a positive difference in their communities. Ours is a large, diverse and collectively powerful sector and we aim to amplify its knowledge, expertise and influence.

We work towards the achievement of our vision via the following three strategic aims:

1. The external environment is positively influenced by NCVO on behalf of civil society.
2. Civil society organisations function better because NCVO provides them with information, advice and support.
3. NCVO operates effectively and sustainably.

Our work on civil society encompasses four broad themes: community cohesion, individual and community wellbeing, financial security and combating climate change.

NCVO operates a three-year strategic planning horizon. Each strategic aim is supported by a number of three-year outcomes, which are in turn supported by planned programmes of work.

Progress towards the outcomes is reviewed on an ongoing basis within teams throughout the year and regularly at trustee board and senior management team level. Further information on the activities underpinning each of the above aims is given in the 'Achievements and performance' section of this report.

NCVO's values underpin all of our work. These are:

• Collaboration

We believe that the voluntary sector is strongest when it works together and that its future will be shaped through collaborative working, and this will be the key to the way we work

• Inclusiveness

We value the diversity of the voluntary and community sector, and of society, and strive to be inclusive in all aspects of our work

• Independence

We value the independence of the voluntary and community sector, and support organisations to take their own decisions and actions. We will be a strong and independent voice for the voluntary and community sector

• Innovation

We believe that the voluntary and community sector is innovative in its approach to achieving its goals and we will strive to be creative and original in all our work

• Passion

We believe voluntary action is built on the passion of individuals and communities to make a positive difference. We will be passionate in our support of the voluntary and community sector.

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, campaigning for and promoting the interests of civil society organisations are in accordance with the regulations on public benefit.

Achievements and performance

NCVO had a successful year supporting the voluntary and community sector and enabling its voice to be heard. We made good progress on all of our strategic aims. Membership was fairly stable, despite very difficult conditions for our members, showing a small reduction from 8,375 to 8,231, but with resignation rates falling from 19 per cent to 13 per cent.

We continued to provide much-needed advice and support in areas crucial to the voluntary and community sector, and enhanced NCVO's position as a key influence on the press, opinion formers and politicians at both a national and regional level.

Driven by a projected reduction in income of approximately one-third, we have taken the opportunity to radically change the way we operate in order to best meet the needs of the sector into the future. In April 2011 we implemented a new streamlined staffing structure, and we are in the process of constructing a fourth floor on top of the existing building to create a sector hub, and reconfiguring the entire office space to best suit the way the organisation will work into the future.

The following sections summarise some of our key achievements during 2011/12 against each of the three strategic aims.

Aim 1

The external environment is positively influenced by NCVO on behalf of civil society.

The work programme is designed to contribute to the following outcomes:

- there is a supportive, diverse and sustainable funding environment
- there is a proportionate and meaningful regulatory framework, which enables civil society organisations (CSOs) to demonstrate accountability and independence
- public services are better designed and delivered to take better account of user needs and interests
- people beyond the sector better understand the role and full value of CSOs in civil society and contribute 'more and better' to their communities.

During the year we continued to monitor the impact of spending cuts on the voluntary sector through NCVO's Voluntary Sector Cuts website, in collaboration with 25 key

infrastructure organisations. Our Counting the Cuts briefing identified over 500 cuts, totalling over £77m. It offered our best estimate of where, how and how much the cuts will continue to impact on the sector, and helped to influence the Department for Communities and Local Government's (DCLG) Best Value guidance, which set clear guidelines for local authorities who are considering cutting funding to local voluntary and community organisations.

The Public Service Delivery Network continued to grow, submitting evidence to key policy consultations and contributing, alongside the private sector, to the development of good practice standards. The special interest group on the Work Programme now has over 150 members. It attracted significant press coverage and informed the Select Committee on welfare to work.

NCVO has been influencing government policy on commissioning, including the Cabinet Office's proposed Commissioning Academy and DCLG's development of more localised commissioning structures. We are leading a sector coalition with over 23 organisations across the country to call for specific changes within the EU Procurement

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Review and are working with partners from the European Network for Civil Society Associations (ENNA) to shape procurement policy in Brussels.

As NCVO widens its work with the EU, Sir Stuart Etherington has been an active member of the European Economic and Social Committee in Brussels. He has taken a direct role on a number of issues, contributing to reports and opinions on social entrepreneurship, corporate social responsibility, European Social Funds and social services rules, providing a key role as an ambassador for the sector within this crucial EU committee.

On the regulation front, NCVO continued to contribute to the five-year review of the Charities Act, in addition to the Hodgson Review of red tape and charities, and the charity tribunal case on public benefit and independent schools. In July the task-and-finish group exploring respective responsibilities of the Charity Commission and HMRC in preventing fraud published its *Managing Risk* report regarding the 'fit and proper regulation of charities'. As a result, HMRC has amended its guidance and now meets regularly with the Charity Commission.

The Compact is being used to positively shape the operating environment for the voluntary and community sector (VCS). We worked with the National Audit Office (NAO) to influence its report on the implementation of the Compact across government.

The Compact was named as one of six cross-cutting government priorities set by Number 10, with the requirement that it features in the business plans of all departments. Compact principles have been embedded in the Department of Health's Joint Strategic Needs Assessment draft statutory guidance and DCLG's Best Value guidance.

Compact Voice worked to increase its presence in the regions and raise the profile of the Compact across central government. There was support for the principles in 88 per cent of local Compact areas, with the renewal of many Compacts across the country and intensive engagement with nine priority areas. We directly and successfully challenged a number of non-Compact-compliant decisions.

The Sustainable Funding Project team worked with diverse partners, including funders and leading thinkers in the sector, to encourage debate and share learning on funding models and new forms of finance, including social investment. Funding Central continued to grow its reach, profile and registrations, and draw maximum benefit and learning from its statistics and stories.

September saw the publication of *Pathways Through Participation*, a research project aiming to improve understanding of how and why people participate.

The research was presented at several external conferences and seminars, and informed a number of published reports, including reports by the Royal Society for the encouragement of Arts, Manufactures and Commerce, Nesta, London Civic Forum and the Office for Public Management.

We provided mentoring-style support to the Nesta / Big Lottery Fund (BLF) Neighbourhood Challenge, which invested in 17 different organisations and partnerships testing out innovative ways of building co-operation, collaboration and action within their communities.

In response to proposals in the March 2012 Budget to cap the tax relief available to wealthy donors, NCVO joined with partners to launch the successful Give It Back, George campaign.

NCVO's *UK Civil Society Almanac* continues to be a key reference document on the voluntary sector, used by organisations, government and the media. In the first month after publication, it was featured in more than 50 press articles. Data and analysis were used by NAO, the Office for Civil Society (OCS) and Big Society Capital.

On the European front, ENNA continued to expand in membership (now including 24 countries), with a doubling of website traffic. The General Assembly provided a forum for engagement with a wide range of partners and delivery of key messages in Brussels. The group sought to influence EU policy on participatory democracy, the Social Business Initiative, funding and procurement.

Through integration with main NCVO work streams, the European Funding Network succeeded in bringing EU funding opportunities to a much wider audience in the VCS. A new partnership with the Department for Business, Innovation and Skills (BIS) provides opportunities to help shape the future of the European Social Fund (ESF) in the UK. NCVO's EU and international team delivered a major event at Europe House in partnership with OCS and Euclid Network on the new European Social Business Initiative and the wider policy changes in this area, including a new EU social investment fund and the next round of European Structural Funds.

During the year we launched an extensive review with our members of NCVO's policy work. We had in excess of 200 responses to the initial consultation and over 250 members engaged in a group on the social network Yammer, discussing key policy issues. This will shape our future work for and on behalf of members and the sector in general.

Aim 2

Civil society organisations function better because NCVO provides them with information, advice and support.

The work programme is designed to contribute to the following outcomes:

- people in CSOs are assessing and meeting their developmental needs
- NCVO member and non-member organisations are better run and create more impact

- more dynamic and integrated sectors and sub-sectors, creating more collective impact more efficiently.

During the year, we continued to provide advice and support on a grant-funded and consultancy basis across the areas of campaigning effectiveness, collaborative working, governance and leadership, strategy and impact, sustainable funding, and ICT. We have extended our reach into small frontline organisations through the grants-plus programmes.

In October, KnowHow NonProfit (KHNP) transferred from the Cass Business School's Centre for Charity Effectiveness to NCVO. Developed with funding from the Big Lottery Fund, it has grown its reputation as a go-to site for the voluntary sector through its user-led approach. KHNP has brought an additional dimension to NCVO's online support for the sector. Between them our three major websites attracted in excess of 1.4 million unique visitors.

The Sustainable Funding Project reached over 2,000 people through face-to-face training and events across the income spectrum, including 508 public sector staff and 262 infrastructure staff. There were over 6,000 subscribers to funding and finance mailing lists and 160,000 unique visitors to NCVO's funding and finance web pages. The team developed and delivered training in fundraising from gifts, trading, social investment, contracts, financial management, sustainable funding for trustees and marketing.

They created opportunities for frontline organisations to access and debate with leading thinkers, policy makers and funders to influence and understand new funding models and opportunities for the VCS.

We secured a six-month extension to the Funding Central contract with OCS, guaranteeing the service until 30 September 2012. Overall registrations rose by 1,300 per month throughout the year, and stood at 43,000 by March 2012. We widened the reach of Funding Central through general promotion, working with strategic partners and targeted messages to under-represented groups. We continued to add more diverse funding streams to the service despite reductions in available funding due to the recession and public spending constraints. A survey of Funding Central users showed that 64 per cent had applied for funding, and 15 per cent secured funding they found on the site, totalling £12m. The amounts secured ranged from £100 to £500,000.

'Great source of unbiased advice and support.'

'It saves me literally hours and hours of work and therefore saves my organisation a substantial amount of money.'

'The layout and flow of the website is fabulous and easy to navigate.'

'I recommend it all the time. It contains up-to-date information on a wide range of grant-giving organisations and is easy to drill down for the ones most relevant.'

The KHNP subscription service gave over 70 subscribers access to 30 online courses and over 100 how-to guides published by individuals in the sector to share their knowledge. We launched a pilot project, funded by the Nominet Trust, to explore whether online advice and support for the voluntary sector can be maintained using wikis. The pilot encompassed KHNP content on collaborative working, setting up a charity and commissioning and procurement. Contributors earn Blue Dots, which can be added to their social CV.

'KnowHow's StudyPass is brilliant. I can now keep my team trained on an ongoing basis without breaking the bank.'

'We'll be re-signing up after this three months. It's an incredible resource for an organisation like ours, especially when training budgets are getting tighter and tighter.'

We worked with CAF Venturesome to develop a guide to social investment. Created on the KnowHow NonProfit site, with input from more than 10 partners and case study organisations, the guide filled a gap in resources for organisations thinking about social investment as an income source, building confidence and ability to make informed decisions about new funding models. Over 1,000 users visited Social Investment Made Simple in the first 24 hours, pushing KHNP's hits to over 10,000 in the days after its launch, a first for the website.

Strategic partnerships with local support organisations enabled organisations to receive locally relevant sustainable funding advice and support. These included five Sustainable Funding Beacons and a major partnership with Voluntary Norfolk. We worked with the National Association for Voluntary and Community Action (NAVCA) to develop a series of masterclasses on income diversity for infrastructure, attended by 44 chief executives, finance directors and trustees. The Sustainable Funding Project changed the way several local infrastructure organisations deliver funding support to frontline groups.

'Given us impetus to think in new and different ways of providing support. Helped development officers to be proactive rather than reactive – enjoying being more creative in how they offer support.'

The Barclays Leadership Programme continued to inspire leadership in voluntary and community sector organisations, and we added another London course because of increased demand, including full-price participants from larger organisations.

'I have learnt how to be a more authentic leader and I am a lot happier in my "own" skin. I don't have to try to be something that I am not. I feel more resilient.'

'I will use development goals to continue my leadership "journey". I'm now far more aware of what leadership is and needs to be as well as having some practical ideas/suggestions to implement.'

Thirty-two people were trained on the Working for a Charity (WFAC) Foundation Course and we developed a new partnership with Career Transition Partnership to deliver four week-long bespoke courses per year to 60 armed service leavers. All of the participants reported that, as a result of the course, they understand more about the key areas of running an effective charity, are more inspired to pursue a role in the voluntary sector and feel more confident to apply for roles in the sector. Around 60 per cent of those who attended the Working for a Charity Course found employment in the voluntary sector within a year.

'No better first step if you're looking to move into the voluntary sector.'

'Before the WFAC course, I would never ever have been confident enough to think I could say anything to a group of people. I have now recruited volunteers by talking to complete strangers and delivered training, of which one day was filmed by the Cabinet Office!'

The Certificate in Campaigning course was refreshed to reflect the changing external and internal environment and has been relaunched to sector acclaim for 2012.

'This is an amazing course. Essential for those who want to change the world.'

'Great overview of campaigning and gives you the tools you need to successfully run a campaign.'

We worked with four sub-sectors on the Vulnerable People and Climate Change Project (older people, disability and mental health, BME and low income / anti-poverty), with funding from Defra. The project focuses on the need for 'adaptation' to climate change for both VCOs and their beneficiaries, and works to raise awareness and support action through a series of workshops. All participating organisations (21 to date) said that they had a better understanding of how climate change could affect their service users and the work they do. Some identified the need to play an advocacy role to ensure mainstream emergency response plans are adequate for the people they support, and over half of the participants signed up for a free eco audit from City Bridge Trust. The project learning will feed directly into Defra's first ever National Adaptation Programme and is helping the NHS and regional bodies such as the London Climate Change Partnership at City Hall to include VCOs in discussions and action plans.

One hundred and twenty-three infrastructure organisations were trained on the Value of Infrastructure Programme (VIP), helping them to evidence and communicate the value and impact of what they do. Ninety-five per cent of participants have described the tools as 'good' and 'useful', and 68 per cent of those trained had used VIP to evidence the impact of their work.

'The tools help by presenting the data visually, breaking it down into topics that people can recognise from their day-to-day experience, and making impact real, rather than something abstract and vague.'

Our Annual Conference, Hinton Lecture and Trustee Conference achieved 1,500 delegates in total, with very high satisfaction levels.

Despite difficult trading conditions, we increased our income and continued to develop business deals with preferred suppliers. These use the bulk purchasing power of our members to drive down costs and source high quality products and services tailored to the needs of voluntary and community organisations. The refreshed product portfolio includes a new pension service in partnership with Scottish Widows and financial advisers Lucas Fettes, printing solutions, cloud computing, digital service delivery and mobile donation platforms.

NCVO's collaborative partner strategy continued to develop strongly with good performance from CaSE Insurance, Trustees Unlimited and CharityJOB. New development to improve NCVO's extensive market reach and brand reputation progressed during the year and provided a stable base to achieve challenging income targets.

'NCVO saves me a lot of hard work by sourcing, and recommending, reliable organisations that have a wealth of experience of working with charities. The NCVO recommended suppliers offer great discounts, real support and have helped us become more effective.'

Aim 3

NCVO operates effectively and sustainably.

- NCVO enables a more flexible working environment and culture, which staff embrace.
- NCVO plans, communicates and delivers as one organisation.
- NCVO increases its economic, social and environmental sustainability and reduces its costs.
- NCVO people are the best they can be.

From 1 April 2011, we implemented a new streamlined staffing structure. Driven by a projected reduction in income, we took the opportunity to radically change the way we operate, in order to best meet the needs of the sector into the future. This meant a reduction of staffing of around one-third. Since then, we welcomed colleagues from KnowHow NonProfit and the European Funding Network (formerly TSEN), and those teams have been successfully integrated, adding valuable new skills and knowledge. In addition, NCVO introduced a trainee programme aimed at talented individuals with little or no work experience. We recruited three trainees, in policy, public services and European and international teams, who added significant value to our work. Each trainee is provided with a structured development programme.

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Financial review

Having received planning permission at the end of last year, we have proceeded with constructing a fourth floor on top of our existing building, adding about 4,200 sq. ft. The intention is to create a hub in which space will be rented to sector organisations. At the same time, we are refreshing our conference facilities and reconfiguring the entire office space to best suit the way the organisation will work into the future. The construction has been planned to maximise environmental sustainability where possible, with low-energy lighting and high-efficiency appliances, including an energy-efficient air-handling system.

The building project spans two reporting years. The physical fourth floor is now built and the internal fit-out will be completed by the end of September 2012. Our IT infrastructure has been upgraded to better support more flexible ways of working. NCVO staff moved to their new office space in May 2012. Managing an expansion and refurbishment whilst fully operational in terms of staff, tenants and conference suite clients has been a challenge and great achievement.

Our conference suite has continued to perform well despite the on-site building works. All staff have worked together to minimise the impact on users, and we must thank our long-term supporters for their loyalty through this period.

The construction work is funded by a loan from Barclays Bank (£2.3m), with the internal refurbishments and IT investment met from our own resources (£0.7m). The project has an expected payback period of about nine years, and will add significantly to the value of the building.

Our defined benefit pension scheme was closed to future accrual on 31 March 2011. The actuarial valuation (as at September 2010) showed a projected deficit of £4.4m. A deficit recovery plan was agreed with The Pensions Trust, which will eliminate the deficit by December 2023 (11 years 9 months).

There are some areas of development we have had to defer, partly for financial reasons, but also capacity, with so much change going on this year. We are working on the development of a new web strategy, which looks across the range of NCVO sites and puts members at the heart of what we offer. We have completed the initial research phase of this project. Alongside this we need to upgrade our Customer Relationship Management (CRM) system and better integrate with our websites. Taking these developments forward will depend on funding being available.

Funds

The balance sheet shows a very small reduction in unrestricted funds of £20,000 for the year. Underlying this, designated funds have increased due to the investment in the building, and the FRS17 valuation increases the pension deficit by £137,000. General funds have fallen by £414,000 due to a loss in the value of investments and the use of reserves to fund an element of the building works.

The balance sheet shows the valuation of the building at its original cost, less depreciation (£1,937,000), under the historic cost convention, with the new works valued as assets under construction at cost of £1,638,000. However, its market value as at April 2012 was just under £9.7million.

Incoming resources

Total income of £7,393,000 shows a fall of 27 per cent from last year's £10,140,000, largely due to a substantial planned reduction in OCS strategic grant (down from £1,090,000 to £500,000) and other funding for national support services.

£2,481,000 was received from grants and sponsorship, as outlined in note 2 of the accounts. Of this, £1,859,000 was restricted, most of which related to the capacity building services.

Other key sources of income during the year included:

- Unrestricted income from trading activities of £1,767,000 (a fall of about 1 per cent since 2010/11), comprising brokered services, commercial fees, conference suite hire and publications.
- Voluntary income of £1,147,000 (a decrease of 0.3 per cent since 2010/11). This was due to a combination of an increase in income in the form of donations from CAF to £1,109,000 (2010/11 £1,080,000) and a fall in other donations from £60,000 to £36,000.
- Membership subscriptions of £961,000, showing a small reduction on 2010/11, but accounting for 13 per cent of NCVO's income.

Resources expended

Expenditure shows a similarly dramatic reduction, reflecting a major restructure in response to falling income. The average number of staff fell from 115 to 88, with staff costs falling by 25 per cent to £4,296,000.

Contributions to our defined benefit pension scheme amounted to £207,000 per annum, as a result of a 12-year deficit recovery plan agreed with The Pensions Trust. The scheme was closed to future accrual on 31 March 2011.

Investment policy

NCVO's investment portfolio is managed by Sarasin & 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 to 'real' assets like 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.

Sarasin provides real-time online information on performance of the portfolio. In addition they are required to attend a trustee board and 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 with each other as permitted by the general power of investment defined within the Trustee Act 2000, and the governing documents of the trusts. Only NCVO investments are reflected in these accounts.

The Alpha Common Investment Fund's Socially Responsible Investment policy is to avoid investment in companies with more than 10 per cent 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.

The investment portfolio fell in value by 4.5 per cent during the year (£77k). This is recorded in the net investment gains and losses section of the statement of financial activities (SOFA).

NCVO Trading Limited, a wholly owned subsidiary of NCVO, holds a 40 per cent share in CaSE LLP. CaSE LLP is a joint venture with BWB CaSE. It licenses its brand to CaSE Insurance Services Ltd, in return for commission income on tailor-made insurance packages to the voluntary and community sector. NCVO also holds an investment of 33 per cent in Trustees Unlimited LLP, a joint venture between NCVO Trading Limited, Russam GMS and Bates Wells & Braithwaite, who 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 policy

The trustees have set a reserves policy which requires that reserves 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 2012 the reserves policy was reviewed, and based on the risk analysis, a readily realisable reserves figure of £2m was agreed necessary.

At 31 March 2012, NCVO's readily realisable reserves were as follows:

	31 March 2012 £'000	31 March 2011 £'000
Investments	1,661	1,740
Other working capital	(619)	(658)
Bank accounts	996	1,369
Readily realisable reserves	2,038	2,451

Grant making policy

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

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Future plans

NCVO anticipates that the coming year will be another challenging one for civil society organisations as public spending cuts continue to bite, and for ourselves following a period of significant change. We will continue to strive to help our members and the sector through these difficult times. We will seek to collaborate where we can. We will endeavour to meet exacting earned-income targets whilst bedding in our new structure and expanding our building with a view to realising our vision of a hub for the sector.

On 21 June 2012, it was announced that the boards of NCVO and Volunteering England had agreed to enter formal merger talks. A joint working party reviewed options for working together and concluded there was a very strong case for full merger, and that the closely aligned visions of both organisations could be better fulfilled by coming together. Formal discussions focus on detailed planning on organisational structure and staffing and on membership services, as well as on due diligence.

Subject to the outcome of formal discussions, it is hoped that merger will take place early in 2013.

The building works have been completed, and we now share the offices with several other voluntary sector organisations. We have created a community of charities and social enterprises, working alongside NCVO staff in a dynamic environment where we will share ideas, learn, and make the connections to help those organisations thrive.

Key risks identified for 2012/13 include the risk of conflict with competitors, the risk that the organisation is unable to demonstrate the value of its work to the sector, and the risk that the organisation's earned income fails to meet expectations. The trustees are satisfied that these and all other risks in the register have been adequately assessed.

Trustee Board members

The members of the Trustee Board, who are also directors under the terms of the Companies Act, are set out on page five. 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.

Liability of members

NCVO the charitable company is limited by guarantee and has no share capital. Clause 7 of the Memorandum of Association provides that every member, as defined by clause 2 of the Articles of Association, is liable to contribute a sum not exceeding £1 in the event of the company being wound up while they are a member, or within one year of ceasing to be a member. At the year-end there were 8,231 members (2011: 8,375).

The risk register is also reviewed at each meeting of the audit and risk committee, and quarterly by the senior management team.

In respect of financial risk, the trustees believe that maintaining NCVO's readily realisable reserves at the levels stated will provide sufficient resources in the event of unplanned or adverse conditions.

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the parent charity, and of the incoming resources and application of resources, including its income or expenditure, of the group for the year. 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 judgments 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 United Kingdom 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 (UK) LLP have expressed their willingness to continue as auditors of the group and company. Approved by the Trustee Board and signed on their behalf.

Martyn Lewis CBE
Chair
13 September 2012

Risk management

On an annual basis the trustees review the risks that the charity faces in five key areas: strategy, governance and management; operational; financial; environmental and external; and 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.

This information is then used to develop a risk management strategy for the organisation, including any new controls the trustees consider necessary. This risk management strategy forms part of the planning process, against which the trustees review progress formally every year within the context of a three-year strategic business plan and one-year operating business plans.

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

We have audited the group and parent charity financial statements ('the financial statements') of the National Council for Voluntary Organisations for the year ended 31 March 2012, which comprise the consolidated statement of financial activities, the group and charity balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent

permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

been appointed as auditor under the Companies Act 2006 and report in accordance with that act. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements.

If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual 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:

- adequate accounting records have not been kept in respect of the parent charity; or
- the parent charity financial statements do not accord with the accounting records; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ian Mathieson
(Senior statutory auditor)

for and on behalf of PKF (UK) LLP,
Statutory auditor
London, UK
17 September 2012

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Consolidated statement of financial activities for the year ended 31 March 2012

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2012 £'000	Total funds 2011 £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income	3	1,111	36	1,147	1,151
Activities for generating funds	4	1,767	-	1,767	1,791
Investment income	5	66	-	66	52
Less share of joint ventures' turnover		(74)	-	(74)	(25)
		2,870	36	2,906	2,969
Incoming resources from charitable activities					
Membership subscriptions	2	961	-	961	975
Projects and sponsorship					
Core grant	2	500	-	500	1,090
Advisory services and information	2	686	1,523	2,209	2,863
Campaigns and communications	2	15	156	171	711
Education and training	2	374	5	379	570
Policy	2	4	-	4	189
Research	2	89	174	263	773
Total incoming resources		5,499	1,894	7,393	10,140
Resources expended					
Cost of generating funds	6	1,092	-	1,092	1,193
Charitable expenditure					
Costs of activities in furtherance of the charity's objectives					
Advisory services and information		1,253	1,546	2,799	3,874
Campaigns and communications		1,428	168	1,596	2,242
Education and training		569	8	577	560
Policy		227	-	227	669
Research		504	184	688	1,122
Governance costs		99	-	99	121
Total charitable expenditure		4,080	1,906	5,986	8,588

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2012 £'000	Total funds 2011 £'000
Total resources expended	6	5,172	1,906	7,078	9,781
Net incoming / (outgoing) resources		327	(12)	315	359
Share of operating profit of joint ventures					
		12	-	12	1
Net investment gains / (losses)	10	(78)	-	(78)	71
Actuarial gains / (losses) on defined benefit scheme	21	(281)	-	(281)	289
Net movement in funds		(20)	(12)	(32)	720
Funds at 1 April 2011		2,068	203	2,271	1,551
Funds at 31 March 2012		2,048	191	2,239	2,271

All incoming resources and resources expended derive from continuing activities. 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 £68,000 of unrealised investment losses. Net realised incoming resources for the year were £318,000 (2011: net incoming resources of £294,000).

Summarised results for the parent company are as follows:

	NCVO £'000
Total incoming resources	6,757
Total resources expended	6,444
Net incoming / (outgoing) resources	313

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Group and charity balance sheet for the year ended 31 March 2012

	Notes	Consolidated 2012 £'000	Consolidated 2011 £'000	NCVO 2012 £'000	NCVO 2011 £'000
Fixed assets					
Tangible fixed assets	9	3,642	2,216	3,642	2,216
Investments	10	1,661	1,740	1,661	1,740
Goodwill purchased		36	45	-	-
Investment in joint ventures					
Share of gross assets		127	144	-	-
Share of gross liabilities		(18)	(43)	-	-
Net investment in joint ventures		109	101	-	-
		5,448	4,102	5,303	3,956
Current assets					
Stocks	11	34	32	34	32
Debtors	12	933	882	1,672	1,444
Cash at bank and in hand		996	1,369	371	850
		1,963	2,283	2,077	2,326
Creditors: amounts falling due within one year					
	13	(1,397)	(1,464)	(1,363)	(1,362)
Net current assets		566	819	714	964
Total assets less current liabilities		6,014	4,921	6,017	4,920
Creditors: amounts falling due after one year					
	14	(1,107)	(119)	(1,107)	(119)
Net assets excluding pension liability		4,907	4,802	4,910	4,801
Defined benefit pension scheme liability					
	21	(2,668)	(2,531)	(2,668)	(2,531)
Net assets		2,239	2,271	2,242	2,270
Funds					
Restricted funds	17	191	203	191	203
Unrestricted funds					
Pension reserve	17	(2,668)	(2,531)	(2,668)	(2,531)

	Notes	Consolidated 2012 £'000	Consolidated 2011 £'000	NCVO 2012 £'000	NCVO 2011 £'000
Designated funds	17	2,561	2,030	2,561	2,030
General funds	17	2,155	2,569	2,158	2,568
Total funds	17	2,239	2,271	2,242	2,270

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. NCVO has had this property valued to establish its current open market value. It was valued at £9,670,000 in April 2012.

Approved and authorised for issue by the Trustee Board and signed on their behalf:

Martyn Lewis CBE

Chair

13 September 2012

Helen Simmons

Treasurer

13 September 2012

Group cash flow statement for the year ended 31 March 2012

	Notes	2012 £'000	2011 £'000
Net cash inflow	18	249	245
Returns on investments and servicing of finance	19	45	38
Capital expenditure – purchase of tangible fixed assets		(1,563)	(208)
– net purchase of investments		-	(99)
Total		(1,269)	(24)
Financing – repayment of mortgage			
– drawdown of building loan		1,109	-
(Decrease) / Increase in cash		(374)	(95)
Reconciliation of movement in net cash funds			
(Decrease) / Increase in cash		(374)	(95)
Cash used to repay loans / drawdown		(895)	71
Change in net cash funds	20	(1,269)	(24)
Net cash funds at 1 April 2011	20	1,155	1,179
Net cash funds at 31 March 2012	20	(114)	1,155

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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, 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 when receivable. The value placed on resources included in the statement of financial activities is the value to the charity of the service or goods received.

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

Where unconditional 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 included 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. The property was valued at £297,263 (£260,553 in 2011) by Barclays Bank Trust Company Limited.

Membership income

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 include 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
NCVO uses a full cost recovery model to allocate overhead costs to projects. Costs relating to support services are identified and a proportion allocated to the projects that NCVO undertakes.

The allocation of each type of cost is made on a time, staff number or area basis depending on what is most relevant.

e) Grant making

Costs of grant making are included in the statement of financial activities 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 statement of financial activities 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 allocates for specific 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. Asset under construction is depreciated upon completion of the project.

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

Freehold building

50 years

Computer equipment

3 years

Fixtures and fittings

10 years

Plant and equipment

20 years

Capital commitment

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

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 that we make 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

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

l) 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.

m) Joint venture

Assets and liabilities at the balance sheet date of jointly owned organisations are consolidated into our accounts based on our shares and the importance or significance of the financial transactions.

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.

Assets of the defined contribution scheme are held separately from the charity in an independent fund administered by Friends Provident Pensions Limited. 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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For the defined benefit scheme, 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 accumulated pension scheme deficits are recognised in full and included in the balance sheet.

p) Consolidation

Consolidated financial statements or 'group accounts' 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. In accordance with section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005, a separate statement of financial activities for the charity has not been presented.

2 Incoming resources from charitable activities

	Membership subscriptions, conference delegate fees and charitable purpose contracts 2012 £'000	Unrestricted grants and sponsorships 2012 £'000	Restricted grants and sponsorships 2012 £'000	Total 2012 £'000	Total 2011 £'000
Membership subscriptions	961	-	-	961	975
Core grant	-	500	-	500	1,090
Advisory services and information	658	28	1,523	2,209	2,863
Campaigns and communications	1	14	156	171	711
Education and training	290	84	5	379	570
Policy	1	3	-	4	189
Research	85	4	174	263	773
Total	1,996	633	1,858	4,487	7,171

	Total Funds 2012 £'000	Total funds 2011 £'000
2 Grant and project income		
Unrestricted		
Office for Civil Society – Core Grant	500	1,090
Co-operative Financial Services – Autumn Conference	-	14
Co-operative Financial Services – Annual Conference	18	15
Ecclesiastical Insurance Group – KnowHow NonProfit	25	-
Other unrestricted income under £15,000	79	83
Total unrestricted	622	1,202
Restricted		
Capacitybuilders – Leadership and Governance National Support Service	-	600
Barclays Leadership Programme – Governance and Leadership	62	3
Clothworkers – Governance Forum and Code	27	-
Capacitybuilders – National Priorities Programme: Support, Advice and Improvement for the Third Sector as an Employer	-	200
Capacitybuilders – Responding To Social Change National Support Service	-	400
Capacitybuilders – Campaigning and Advocacy National Support Service	-	599
bRAP – Beyond Survival: the BME Strategy Programme	-	45
Big Lottery Fund – Sustainable Funding Project	310	278
Voluntary Norfolk – Sustainable Funding Project	51	51
Department for the Environment, Food, and Rural Affairs - Climate Change Unit	45	-
City Bridge Trust – Climate Change Unit	43	-
Calouste Gulbenkian Foundation – Climate Change Unit	-	15
Big Lottery Fund – KnowHow NonProfit	63	-
Nominet – KnowHow NonProfit	53	-
The City Bridge Trust – ICT	-	40
Big Lottery Fund – Compact Advocacy	204	256
Big Lottery Fund – Policy Skills	-	177
Big Lottery Fund – Value of Infrastructure Programme	183	294
Big Lottery Fund – Pathways through Participation	83	209
Office for Civil Society – Compact Voice	350	308
University of Southampton / Northern Rock Foundation	-	22
Skills Third Sector – Workforce Research	46	60
Charities Aid Foundation – Charitable Giving	20	16
Office for National Statistics – Quality Measurement Framework	-	20

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	Total funds 2012 £'000	Total funds 2011 £'000
2 Grant and project income		
The Secretary of State for the Home Department acting through the Crime Directorate – Arranging PL insurance for Neighbourhood Watch groups in England and Wales	98	117
European Commission – Participation for Change	-	(22)
European Commission – European Network of National Associations	90	76
The Mott Foundation – European Network of National Associations	25	25
Department for Work and Pensions – European Social Fund	35	-
Other grants under £15,000	71	50
Total restricted	1,859	3,838
Total grants and project income	2,481	5,040

Restricted funds are provided to cover the running costs of specific projects managed by the charity.

3 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2012 £'000	Total funds 2011 £'000
Donations through Charities Aid Foundation	1,109	-	1,109	1,080
Legacies	-	2	2	11
Other donations and voluntary income	2	34	36	60
	1,111	36	1,147	1,151

4 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2012 £'000	Total funds 2011 £'000
Brokered services	348	-	348	314
Fees for services	270	-	270	331
Conference suite hire	995	-	995	1,024
Publications	80	-	80	97
Share of joint venture turnover	74	-	74	25
	1,767	-	1,767	1,791

5 Investment Income

	Unrestricted funds 2012 £'000	Restricted funds 2012 £'000	Total funds Total 2012 £'000	Total funds Total 2011 £'000
Dividends	63	-	63	45
Bank interest	3	-	3	7
	66	-	66	52

6 Resources expended

	Staff costs £'000	Premises costs £'000	Grant making £'000	Support costs £'000	Other expenses £'000	Total 2012 £'000	Total 2011 £'000
Costs of generating funds	678	159	-	77	178	1,092	1,193
Advisory services and information	1,789	61	89	221	639	2,799	3,874
Campaigns and communications	1,048	44	-	128	376	1,596	2,242
Education	185	7	94	25	266	577	560
Policy	135	5	-	20	67	227	669
Research	415	13	54	47	159	688	1,122
Governance costs	46	-	-	-	53	99	121
Total 2012	4,296	289	237	518	1,738	7,078	9,781
Total 2011	5,715	290	723	433	2,620	-	9,781

Other expenses include commissioning £923,000 (2011: £1,322,000); consumables £309,000 (2011: £445,000) and events £230,000 (2011: £363,000).

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

6 (continued)

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

	Total funds 2012 £'000	Total funds 2011 £'000
Governance and Leadership		
Community Sector Coalition	-	166
ACEVO	-	166
	-	332
Research Pathways		
Involve	25	52
Volunteering England	14	63
	38	115
Empowering the Voluntary Sector		
NAVCA	57	88
The Public Law Project	32	48
	89	136
Almanac		
University of Southampton	-	30
Third Sector Research Centre	16	-
	16	30
PL insurance for Neighbourhood Watch groups in England and Wales	94	110
	94	110
Total grants and partnership fees paid	237	723

7 Employees

	2012 £'000	2011 £'000
Wages and salaries	3,366	4,224
Social security	340	406
Pension costs	316	368
Redundancy costs	27	366
Temporary staff and staff training	245	351
	4,294	5,715

The pension costs were split between the defined benefit and defined contribution scheme, £128,000 (2011: £188,000) and £188,000 (2011: £180,000) respectively.

The defined benefit scheme was closed to future accrual on 31 March 2011 and no staff are continuing to accrue benefits in the scheme.

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

	2012 Number	2011 Number
Generating funds	13	12
Advisory services and information	38	48
Campaigns and communications	22	27
Education and training	4	4
Policy	3	9
Research	8	15
	88	115

Employees earning over £60,000 during the year

	2012 Number	2011 Number
£60,000–£70,000	1	-
£70,000–£80,000	1	1
£80,000–£90,000	1	1
£120,000–£130,000	1	1

Three of the above staff in 2012 are members of the defined contribution pension scheme (2011: 1), and none are members of the defined benefit scheme (2011: 2). The pension costs for these employees are £20k and nil respectively (2011: £7k and £32k respectively).

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8 Net incoming / (outgoing) resources for the year

	2012 £'000	2011 £'000
Auditor's remuneration		
– audit fees	20	20
– other	15	-
Depreciation	137	158
Amortisation of goodwill	9	-
Bank charges	9	8
Bank interest		
– on commercial mortgage	4	6
– on building loan	8	-
Trustees' expenses	7	18
Operating lease – Birchall House	153	150

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 CFDG to gather information and evidence on the disclosure of expenses by registered charities in England and Wales, to

report on the findings and make recommendations as appropriate, published in February 2010, NCVO has decided to adopt enhanced voluntary disclosure of trustees' and senior management team expenses.

Travel and subsistence expenses reimbursed to seven trustees amounted to £6,501 (2011: £17,591 to fourteen trustees), including amounts paid directly by NCVO. Travel and subsistence expenses incurred by other Members' Assembly members amounted to £1,117 (2011: £1,494).

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, including networking and overseas travel, the latter in particular by the Chief Executive in relation to establishing the European Network of National Associations (ENNA).

8 (continued)

	Subsistence	UK travel	Network	Overseas travel	Other	Total claimed 2012
Directors						
Chief Executive's Office	162	7,558	7,691	1,521	668	17,599
Deputy CEO	215	3,550	2,067	105	142	6,078
Director of Planning and Resources	34	301	50	-	95	480
Director of Enterprise and Development	127	2,250	1,386	-	172	3,935
	537	13,659	11,193	1,626	1,077	28,092
Trustees	512	4,652	1,322	2	14	6,501
Members' Assembly	-	1,117	-	-	-	1,117

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.

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9 Tangible fixed assets (group and charity)

	Freehold land and buildings £'000	Asset under course of construction £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 April 2011	3,179	76	772	963	4,990
Additions	-	1,562	1	-	1,563
Disposals	-	-	-	-	-
At 31 March 2012	3,179	1,638	773	963	6,553
Depreciation					
At 1 April 2011	1,177	-	705	892	2,774
Charge for the year	65	-	45	27	137
Disposals	-	-	-	-	-
At 31 March 2012	1,242	-	750	919	2,911
Net book value					
At 31 March 2011	2,002	76	67	71	2,216
At 31 March 2012	1,937	1,638	23	44	3,642

10 Investments (group)

	Cash deposits £'000	Unlisted £'000	Listed £'000	Total £'000
Market value				
At 1 April 2011	2	-	1,738	1,740
Additions	-	-	156	156
Disposal proceeds	98	-	(256)	(158)
Realised losses	-	-	(9)	(9)
Unrealised investment gains / (losses)	-	-	(68)	(68)
At 31 March 2012	100	-	1,561	1,661
Cost				
At beginning of year	-	-	1,591	1,591
At end of year	-	-	1,501	1,501

	2012 £'000	2011 £'000
Being at market value		
Investment assets in the United Kingdom	854	780
Investment assets outside the United Kingdom	807	960
	1,661	1,740
The following funds have a value of 5% or greater of the total NCVO portfolio		
Alpha CIF for Endowments	1,351	
	1,351	1,669
Alpha CIF for Income and Reserves	150	-
Sterling cash	100	-
Other holdings less than 5%	60	71
Total	1,661	1,740

NCVO Trading Limited holds 40% of the shares in CaSE (Charity and Social Enterprise Insurance Management LLP). CaSE is a collaborative venture delivering tailor-made insurance packages to the voluntary and community sector. Its accounting reference date is 31 March.

10a Investments (charity only)

	Cash deposits £'000	Unlisted £'000	Listed £'000	Total £'000
Market value				
At 1 April 2011	2	-	1,738	1,740
Additions	-	-	156	156
Disposal proceeds	98	-	(256)	(158)
Realised losses	-	-	(9)	(9)
Unrealised investment gains / (losses)	-	-	(68)	(68)
At 31 March 2012	100	-	1,561	1,661
Cost				
At beginning of year	-	-	1,591	1,591
At end of year	-	-	1,501	1,501

	2012 £'000	2011 £'000
Being at market value		
Investment assets in the United Kingdom	854	780
Investment assets outside the United Kingdom	807	960
	1,661	1,740
The following funds have a value of 5% or greater of the total NCVO portfolio		
Alpha CIF for Endowments	1,351	1,669
Alpha CIF for Income and Reserves	150	-
Sterling cash	100	-
Other holdings less than 5%	60	71
Total	1,661	1,740

11 Stocks

	Consolidated 2012 £'000	Consolidated 2011 £'000	NCVO 2012 £'000	NCVO 2011 £'000
Publications	31	27	31	27
Stationery	3	5	3	5
	34	32	34	32

12 Debtors

	Consolidated 2012 £'000	Consolidated 2011 £'000	NCVO 2012 £'000	NCVO 2011 £'000
Debtors	648	596	465	272
Accrued income	205	189	135	155
Amount due from subsidiary	-	-	1,027	957
Prepayments	80	97	45	60
	933	822	1,672	1,444

13 Creditors: amounts falling due within one year

	Consolidated 2012 £'000	Consolidated 2011 £'000	NCVO 2012 £'000	NCVO 2011 £'000
Bank loan (secured – see note 14)	28	95	28	95
Taxation and social security	153	186	137	113
Other creditors	251	337	243	329
Accrued expenditure	317	368	310	353
Deferred income	648	478	645	472
	1,397	1,464	1,363	1,362

Deferred income consists of:	Consolidated 2012 £'000	Consolidated 2011 £'000	NCVO 2012 £'000	NCVO 2011 £'000
Deferred income	355	96	352	90
Membership subscriptions	293	382	293	382
	648	478	645	472

14 Creditors: amounts falling due after more than one year

	Consolidated 2012 £'000	Consolidated 2011 £'000	NCVO 2012 £'000	NCVO 2011 £'000
Membership deferred over one year	26	-	26	-
Bank loan (secured)	1,081	119	1,081	119
	1,107	119	1,107	119
Analysis of loan repayments				
Within one year	28	95	28	95
Between one and two years	55	95	55	95
Between two and five years	166	24	166	24
After five years	860	-	860	-
Total repayments after more than one year	1,081	119	1,081	119
Balance at 31 March 2012	1,109	214	1,109	214

The bank loan funding the original purchase of the freehold property at Society Building, 8 All Saints Street, London N1 9RL, the offices occupied by NCVO, was repaid in full in October 2011. A new loan has been taken out with Barclays Bank to fund the building construction project on the same property. The loan is secured by legal mortgage over the property.

15 Operating leases

NCVO has an operating lease on Birchall House with annual commitments detailed below, and a lease with Oce Finance Limited for multi functional devices (MFDs), which provide our photocopying, printing and document scanning facilities.

	Consolidated 2012 £'000	Consolidated 2011 £'000
Birchall House Lease	153	150
Oce Finance Limited	12	12
Total	165	162

Lease commitments by expiry date	Property £'000	Other £'000	Total £'000
Within one year	140	12	152
More than one year	-	2	2
Total	140	14	154

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	-	3,642	-	3,642	-	3,642
Investments	1,806 *	-	-	1,806	-	1,806
Net current assets (excluding loan)	350 *	28 *	191	569	-	569
Pension fund	-	-	-	-	(2,668)	(2,668)
Loans	-	(1,109)	-	(1,109)	-	(1,109)
Total	2,156	2,561	191	4,908	(2,668)	2,240

NCVO's readily realisable reserves as identified by the reserves policy consist of those identified * above, which total £2.04 million.

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 2011 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 Mar 2012 £'000
Designated funds					
Fixed assets	2,002	-	-	531	2,533
Property maintenance	28	-	-	-	28
Total designated funds	2,030	-	-	531	2,561
Other charitable funds					
Unrestricted	2,569	5,433	(5,172)	(675)	2,155
Total general funds	2,569	5,433	(5,172)	(675)	2,155

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Restricted funds	Balance 1 April 2011 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 Mar 2012 £'000
Sustainable Funding Project: BLF	14	310	(279)	-	45
Sustainable Funding Project: Voluntary Norfolk	9	51	(55)	-	5
Climate Change Unit: City Bridge Trust	-	43	(43)	-	-
Climate Change Unit: DEFRA	-	45	(45)	-	-
KnowHow NonProfit: BLF	-	63	(63)	-	-
KnowHow NonProfit: Nominet	-	53	(33)	-	20
Value in Infrastructure	133	182	(285)	-	30
Governance and Leadership: Barclays	-	62	(62)	-	-
Governance: Code	-	20	-	-	20
Governance: Forum	-	7	(7)	-	-
Compact Voice	-	350	(345)	-	5
Research Pathways	11	83	(94)	-	-
Compact Advocacy	-	204	(194)	-	10
Knowledge Exchange	-	17	(17)	-	-
Skills Third Sector	-	8	(8)	-	-
Research and Labour Market: Information and Intelligence	-	46	(46)	-	-
Charitable Giving research	-	20	(20)	-	-
Neighbourhood Watch Insurance	-	98	(98)	-	-
European Commission: ENNA	-	90	(90)	-	-
Mott Foundation: ENNA	19	25	(37)	-	7
European Social Fund: Department of Work and Pensions	-	35	(35)	-	-
CSIS Charity Fund: Working for a Charity bursaries	5	5	(4)	-	6
Leadership (legacy)	11	-	(1)	-	10
Various: Plowden Fellowship	-	28	-	-	28
Other restricted grants and donations under £20,000	1	49	(45)	-	5
Total	203	1,894	(1,906)	-	191
Total funds	4,802	7,327	(7,078)	(144)	4,907
Pensions liability	(2,531)	(281)	-	144	(2,668)
Total funds after pensions liability	2,271	7,046	(7,078)	-	2,239

The total income figure of £7,034k includes the actuarial loss of £281k referenced in the SOFA. The total income includes the net investment loss of £78k also referenced in the SOFA.

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 ten-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 2012/13 are briefly described below:

Sustainable Funding Project (BLF)

To provide tools, training and resources to VCOs on developing a sustainable income strategy and to support and enable local infrastructure organisations to provide support on sustainable funding.

Sustainable Funding Project (Voluntary Norfolk)

Voluntary Norfolk receives a grant

from BLF to develop a sustainable funding hub in Norfolk. NCVO invoices Voluntary Norfolk for some of this funding in return for our strategic input into programme development, as well our expertise in designing and delivering tools, training and resources.

KnowHow NonProfit

Funded by Big Lottery Fund, which supports voluntary sector improvement.

Value of Infrastructure Programme

The Value of Infrastructure Programme (VIP) is a three-year England-wide initiative to help all kinds of infrastructure organisations to evaluate, demonstrate and communicate their impact.

Governance Code

To disseminate and promote revised versions of Good Governance: Code for the Voluntary and Community Sector.

Compact Voice

To enable Compact Voice to strategically represent the civil society sector on the Compact between the sector and public bodies. This includes raising awareness of the Compact and ensuring its successful implementation.

Compact Advocacy

To provide resources and support to voluntary and community organisations on Compact issues and help them resolve problems with public bodies.

The European Network of National Civil Society Associations (ENNA)

The primary work streams focus on European Year of Volunteering and promotion of Active Citizenship and the role of national networks as information hubs for greater transparency in the EU debate.

Workforce (Bursaries)

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

Plowden Fellowship

Fellowship to take up theme of Good Governance.

Governance and Leadership

A request that these sums be used to establish the Winifred Tumim Memorial Prize for best practice in charity governance.

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

	2012 £'000	2011 £'000
Net incoming resources for the year	330	360
Investment income and interest paid	(45)	(38)
Depreciation	137	158
Decrease / (increase) in stocks	(2)	8
Decrease / (increase) in debtors	(53)	140
Increase / (decrease) in creditors	26	(178)
Non cash difference between contributions paid and current service costs less finance income	(144)	(204)
Share of net income from joint ventures	-	(1)
Net cash inflow from operating activities	249	245

19 Gross cash flows

Returns on investments and servicing of finance	2012 £'000	2011 £'000
Interest received	3	7
Interest and bank charges paid	(21)	(14)
Investment income – dividends	63	45
	45	38

20 Analysis of changes in net debt

	At 1 April 2011 £'000	Cashflows £'000	At 31 March 2012 £'000
Cash at bank and in hand	1,369	(373)	996
Debt due within one year	(95)	67	(28)
Debt due after more than one year	(119)	(962)	(1,081)
Total net cash funds	1,155	(1,268)	(113)

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.

	2012 %	2011 %	2010 %	2009 %	2008 %
Rate of increase in salaries	3.1	4.9	2.5	2.5	4.4
Rate of increase in pensions in payment	2.2	2.9	3.1	2.7	2.9
Discount rate	4.8	5.5	5.5	6.7	6.5
Inflation assumption	2.2*	2.9	3.2	2.7	2.9

* The Trustee Board agreed to the adoption of CPI (RPI Inflation assumption – 3.1%).

	Long term rate of return expected 2012 %	Value 2012 £'000	Long term rate of return expected 2011 %	Value 2011 £'000	Long term rate of return expected 2010 %	Value 2010 £'000	Long term rate of return expected 2009 %	Value 2009 £'000
Equities	8.0	6,497	8.4	5,683	8.4	5,718	7.5	4,495
Bonds	5.1	7,802	4.7	7,597	4.7	6,964	4.7	5,571
Property	7.0	1,035	7.4	970	7.4	895	7.5	816
Cash	0.5	64	0.5	106	0.5	69	0.5	121
Total market value of assets		15,398		14,356		13,646		11,003
Present value of scheme liabilities		(18,066)		(16,887)		(16,670)		(12,296)
Surplus / (Deficit) in the scheme equalling the net pension liability		(2,668)		(2,531)		(3,024)		(1,293)

	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Analysis of the amount charged to the statement of financial activities for service costs				
Current service cost	83	164	123	165
Past service cost	-	-	-	-
Total operating charge	83	164	123	165
Net finance income credited to staff costs				
Expected return on pension scheme assets	872	867	660	825
Interest on pension scheme liabilities	(918)	(904)	(814)	(832)
Net return	(46)	(37)	(154)	(7)
Total	129	201	277	172

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Analysis of actuarial loss recognised in statement of financial activities	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	391	69	1,994	(2,877)	(800)
Experience gains and losses arising on the scheme liabilities	-	(645)	(6)	31	113
Changes in assumptions underlying the present value of scheme liabilities	(672)	865	(3,851)	1,076	2,307
Actuarial gain / (loss)	(281)	289	(1,863)	(1,770)	1,620

Movement in deficit during the year	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Surplus / (deficit) in scheme at beginning of year	(2,531)	(3,024)	(1,293)	382	(1,445)
Current service cost	(83)	(164)	(123)	(165)	(198)
Contributions	273	393	409	267	315
Past service costs	-	-	-	-	-
Gains on curtailment*	-	12	-	-	-
Other finance income / (costs)	(46)	(37)	(154)	(7)	90
Actuarial gain / (loss)	(281)	289	(1,863)	(1,770)	1,620
Surplus / (deficit) in scheme at end of the year	(2,668)	(2,531)	(3,024)	(1,293)	382

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

History of experience gains and losses	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Difference between the expected and actual return on scheme assets	391	69	1,994	(2,877)	(800)
% of scheme assets	2.5	0.5	14.6	-26.1	-6.0
Experience gains and losses on scheme liabilities	-	(645)	(6)	31	113
% of the present value of scheme liabilities	-	(3.8)	(0.0)	0.3	0.9

Changes in the present value of the defined benefit obligation	Year ending on 31 March 2012 £'000	Year ending on 31 March 2011 £'000
Opening defined benefit obligation	16,887	16,670
Service cost	83	164
Interest cost	918	904
Contributions by employees	-	54
Past service costs – vested benefits	-	-
Past service costs – non-vested benefits	-	-
Losses / (gains) on curtailments	-	(12)
Liabilities extinguished on settlements	-	-
Actuarial losses / (gains)	672	(220)
Disbursements	(494)	(673)
Closing defined benefit obligation	18,066	16,887

Changes in the fair value of the scheme assets	Year ending on 31 March 2012 £'000	Year ending on 31 March 2011 £'000
Opening fair value of the scheme assets	14,356	13,646
Expected return	872	867
Assets distributed on settlements	-	-
Actuarial gains / (losses)	391	69
Contributions by employer	273	393
Contributions by employees	-	54
Distributions	(494)	(673)
Closing fair value of the scheme assets	15,398	14,356
Actual return on scheme assets	1,263	936

Assumed life expectations on retirement at age 65 are:	2012	2011
Those retiring in 2012		
Males	88.1	87.4
Females	89.9	89.2
Those retiring in 2032		
Males	90.4	89.6
Females	91.8	91.1

The employer contributions that NCVO is due to pay into the defined benefit scheme during 2012/13 total £325,000.

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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.

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

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

The partner of Sir Stuart Etherington, chief executive of NCVO, is an equity partner with Bates Wells and Braithwaite London LLP, NCVO's legal advisers.

NCVO has a specific policy in place to avoid any potential conflicts of interest arising by ensuring that all significant elements of work are overseen by the deputy chief executive, Ben Kernighan, in consultation with the chair, Martyn Lewis. Professional fees of £50,680 were paid to Bates Wells & Braithwaite during the year for legal advice. There was an outstanding balance owed at 31 March 2012 of £5,227. NCVO jointly runs its annual Trustee Conference with Bates Wells and 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 £896k for the year ended 31 March 2012. The investment at cost is £1.

	Trading Company 2012 £'000	Trading Company 2011 £'000
Summary profit and loss account		
Turnover	1,554	1,516
Cost of sales	(624)	(675)
Gross profit	930	841
Other operating income	8	13
Expenditure	(42)	(40)
Net profit before gift aid	896	814
Gift Aid to NCVO	(896)	(814)
Summary balance sheet		
Fixed Assets – Investments	145	145
Debtors	291	395
Cash at bank and in hand	625	520
	1,061	1,060
Creditors: amounts falling due within one year	(1,061)	(1,060)
Creditors: amounts falling due after one year	-	-
Net Assets	-	-

25 Capital commitment

NCVO was committed at the year end to £1.4m in respect of the completion of the construction and refurbishment of its premises at Society Building.

26 Post balance sheet event

On 21 June 2012, it was announced that the boards of NCVO and Volunteering England had agreed to enter formal merger talks. A joint working party reviewed options for working together and concluded there was a very strong case for full merger and that the closely aligned visions of both organisations could be better fulfilled by coming together. Formal discussions focus on detailed planning on organisational structure and staffing and on membership services, as well as on due diligence. Subject to the outcome of formal discussions, it is hoped that merger will take place early in 2013.

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Funders, partners, corporate and public sector members

We would like to thank the following organisations for their support of NCVO's work in 2011/12.

Academia Ltd	BE Rodmell Trust	Charitable Futures	Co-operative Financial Services	Firetail	Keegan & Pennykid Insurance Brokers Ltd
Action Planning	Beth Upton Freelance Fundraising	Charities Aid Foundation	Co-operative Systems	Funding Ideas Ltd	Kim Donahue
ADL Software Ltd	Big Issue Invest	Charity Fundraising Ltd	Cortex Data Solutions Ltd t/a Cortex Donations	Future Fundraising Ltd	Kingston Smith
Agenda Consulting	Big Lottery Fund	CharityJOB	Coupleworks	get2thepoint	Kyria Consulting Ltd
Alan Chapman Consultancy	Birdsong Charity Consulting	Charity People	CRB Disclosure Services Limited T/As Disclosure Services	Global Ethical Brokerage Ltd	Lamplight Database Systems Limited
Alba	Blackbaud Europe Ltd	Charitylog	Crowe Clark Whitehill	Goodwill Quote Ltd	LIFE Fundraising Limited
AMAP Ltd	BlueSpark Consulting LLP	Charlie Cattell Social Economy Consultancy	CS Healthcare	Goodworld Communications	Linda Laurance & Associates
Ansvar, business division of Ecclesiastical Insurance Office plc	Bob Widdowson	Chartered Society of Physiotherapy Members' Benevolent Fund	Danwood	Harbottle & Lewis LLP	Linking Up Childcare Vouchers
Aperio Group (Europe) Ltd	Bond Payroll Services	City Bridge Trust	Data Analysis Solutions Ltd	Head For Success	Linklaters
Auditel UK Ltd	BT MyDonate	Civil Service Benevolent Fund	Dataplan Payroll Ltd	Hempsons	Liz Firth
Axiomatic	Buzzacott	Civil Society Media Ltd	De Voil Consulting	Hertfordshire County Council	Local Government Improvements & Developments
Bank of London and The Middle East (BLME)	C3 Imaging	Class Telecommunications	Deloitte LLP	Homecare Direct	London Borough of Greenwich
Barclays Bank PLC	Calouste Gulbenkian Foundation UK	Clothworkers' Foundation	Dementia Care Matters	Horrocks Consulting Ltd	London Borough of Southwark
Bates Wells & Braithwaite LLP	CaSE Insurance	Clydesdale Bank PLC	Department for the Environment, Food, and Rural Affairs	Hospital Saturday Fund	London Borough of Sutton
Bath and Main Associates Ltd	Cathy Hull Design	Compass Partnership	Department for Work and Pensions	HR Services Partnership Ltd	London Voluntary Service Council
BBC – Corporate Social Responsibility Centre	Cega Consulting Limited	Computer Logistics Ltd	DLA Piper	IBM UK Trust	Lucas Fettes and Partners
BC Consultancy Services Ltd	CentrePoint Software Ltd	Connect Assist	ebay for Charity & MissionFish	Ingate Interim and Consulting	Ludwood Interactive
	Ceridian UK Limited		ECAS	Inspire2Aspire	M&G Investments
			Ecclesiastical Insurance Group	Inter-Varsity Press	MacIntyre Hudson LLP
			Ecco Solutions Ltd	Iveagh Ltd	Making A Difference Ltd
			Elaine Willis Consultancy	J B Eventus Ltd	Mark McNestry
			Empower Support for the Voluntary Sector Ltd.	Jackson & Jackson	MDA
			Entec Novare Ltd	JB Consulting	Microsoft
			Equinox Consulting	JMR Consultants	Midas Charity Appeals LLP
			European Commission	John Quill	Natural England
			Expressware Limited	JS2 Ltd	nfp Resourcing
				Julie Fewtrell Human Resources	nfpSynergy
				Karen Greenwood Consultancy	

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Nominet Trust	Russam GMS	The Listening Company	W3 Advisory Ltd
Odgers Berndtson	Russell Cooke Solicitors LLP	The Mott Foundation	WorkPlaceLive
Office for Civil Society	Saffery Champness	The Way Ahead Group	Wiltshire Council
Paul Bragman Community Regeneration Consultancy	Sarasin & Partners LLP	The Wheel	Wiseman and Farebrother Consultancy Services
Perfect Moment	Saxton Bampfylde	Third Sector PR	Your Great Workplace Limited
Persona People Management Limited	Sayer Vincent	Third Sector Research Centre	ZeRC
Phoenix Software	Schroders Investment Management	Thurrock Borough Council	
PKF (UK) LLP	Scottish Widows plc	Tidy Bond	
Plus People	Senan Solutions Ltd	TP Consultants	
Polestar Digital Media	Sheffield Teaching Hospitals Foundation Trust	TPP Law	
Portsmouth City Council	Shelagh Prosser	TPP Recruitment LLP	
Premier - FD	Sho-net Systems	TransForm Management Consultants	
Principle Consulting	Sift	Transform3	
ProspectUs Ltd	Silver Lining Convergence Ltd	Transitions Services CIC	
Provident Financial plc	Sir John Sumners Trust	Transport for London	
Public Perspectives Ltd	SJ Royce	Triodos Bank	
Pugh Computers Ltd	Skills Third Sector	Trust for London	
Pure Indigo Limited	SteersMcGillanEves Design Ltd	Trustees Unlimited	
Pureprint	Stephen Blakemore Consultancy & Training	UBM plc	
Raise Your Profile	Stern Trust	UBS AG	
Raising IT	Stevens & Bolton	UK Mail	
Remedy Creative Limited	Studiohope Limited	Unity Trust Bank	
Resources for Change	Sue Fidler Ltd	University of Birmingham	
RHCS	Support 4 Community Projects Ltd	University of Kent	
Richard Collings	Swindon Borough Council	University of Southampton	
Rosalind Oakley	T L First Accountants & Consultants	Veredus Executive Resourcing	
Royal Institute of Chartered Surveyors	The Guardian	Voluntary Norfolk	
		Volunteer Solutions	

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