

DURHAM COMMUNITY ACTION LIMITED
(A company limited by guarantee)
TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2017

Company Registration Number 00309329
Charity Number 229119

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

The Executive Committee of Durham Community Action Limited presents its report and unaudited financial statements for the charitable company for the year ended 31 March 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with their Trust Deed, the Charities Act 2011, the Companies Act 2006 and the requirements of Accounting and Reporting by Charities Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the financial reporting standard applicable in the UK (FRS102).

Reference and Administrative Information

Charity name	Durham Community Action Limited
Charity registration number	229119
Company registration number	00309329

The Directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees or Executive Committee.

The Board of Trustees

The Trustees serving during the year and since the year end were as follows

Councillor J Armstrong (resigned 8 May 2017)
Professor SJ Banks
Mr. GC Bateman
Mr. G Bestford (Treasurer)
Mrs. J Flynn MBE (Vice Chair)
Mr. GC Hepburn OBE
Councillor J Robinson
Mr. AE Peart (resigned 6 October 2016)
Mrs. CA Smith
Mrs. JM Worters MBE (Chair)
Mrs. P Wynne CBE (resigned 6 October 2016)

The paid officers serving during the year and since the year end were as follows:

Key Management Personnel	Mrs. J Laverick (Executive Director) Mr RS Hayward (Head of Business & Finance) Ms. Y Probert (Head of Community Services)
Company Secretary	Mr RS Hayward
Registered office and operational address	8 St. Stephens Court Low Willington Crook County Durham DL15 0BF
Accountants	RSM UK Tax and Accounting Limited 1 St James' Gate Newcastle upon Tyne NE1 4AD

DURHAM COMMUNITY ACTION LIMITED

**REPORT OF THE DIRECTORS AND MANAGING TRUSTEES
YEAR ENDED 31 MARCH 2017**

Reference and Administrative Information (continued)

Bankers

Lloyds Bank PLC
54 Fawcett Street
Sunderland
SR1 1SF

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle-upon-Tyne NE1 4BF

Swinburne Maddison
Venture House
Ayckley Heads Business Centre
Durham
DH1 5TS

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

CHAIR'S REPORT

I am pleased to report that Durham Community Action ('the charity') has had another very busy year, consolidating our work and developing services. Our work, alongside colleagues in the voluntary sector in County Durham, has continued to develop. Delivery partnerships in the sector and supporting stronger networks have become increasingly important to us. As a VCS infrastructure support provider, our representation and championing on behalf of the sector has also taken on an increased level of importance, particularly as we are now experiencing significant changes in the way local services will be provided in the future.

Key themes underpinning the charity's work during the year included:

- Consolidating networks and alliances, both formally to provide better services, and informally to build know how and confidence.
- Developing relationships, partnerships and networks with businesses and enterprise in County Durham.
- Championing the voluntary sector and providing a range of infrastructure support services to develop and promote voluntary action, community enterprise and volunteering in County Durham.

Core objectives during the year were to:

- Build resilience and knowhow at local levels and within smaller communities, particularly with front line, volunteer led groups.
- Develop a more robust specialist infrastructure in County Durham with the capacity to provide leadership, collaboration and delivery of services that can reach into more isolated communities.

The work programme for the year focused activity on the following areas:

- Further development of the centre for Volunteering in County Durham, together with the organisations and agencies that involve volunteers, through the Volunteer Coordinators Network.
- Tailored support for community enterprises and for community groups that provide services at local level, including community buildings and Town and Parish Councils. This work encompassed governance and business planning advice, together with specific support for new community enterprise start-ups.
- Funding advice and support on a broad range of small and large projects and schemes that were generated through VCS organisations and community enterprises.

In addition, a range of community support services were established through the Centre for Volunteering, and our team of community support staff, to provide training, advice and business development to community groups, and to support community and social enterprises. A strong network of voluntary and public sector agencies and organisations collaborated with Durham Community Action to share good practice, and to further develop services (e.g. the Kitemark, preparation for the 2017 Volunteering Celebration, and the Passport).

During the year the charity provided leadership and support for activities and projects including:

- Hosting and supporting the continuing development of Durham Food partnership, Food Durham and the Community Growing Scheme.
- LEADER in the Coast and Lowlands area of east Durham. We chair the Local Action Group.
- Continuing the strengthening of the Advice in County Durham Partnership and developing priorities and work plans for the future.
- Supporting the introduction of new EU funded programmes (European Social Investment Fund, Better Together, Community Led Local Development, and DurhamWorks).
- Community engagement and consultation for North Durham Clinical Commissioning Group.
- Support for 10 Area Action Partnerships and their task and finish groups.
- Community development support for the Wellbeing for Life programme across the three hub areas, and support for community partners to engage with the programme. Representation on many partnerships and networks, providing a voice for the voluntary sector, and helping to shape policy e.g. the County Durham Economic Partnership, VONNE, DCLG and Defra.

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

This report outlines the charity's objectives and achievements during the year to 31 March 2017, and details the arrangements that are in place to protect and develop resources.

As Chair, I would like to express my thanks and appreciation to the Staff and Trustees, who are without doubt Durham Community Action's most valuable asset. Without them, it would not be possible to generate the income that supports the community development activities. 2016/17 was a year of significant progress, and the charity can look forward to the coming year with a degree of confidence, despite the challenging economic and funding climate in which it continues to operate.

Finally, and most importantly, on behalf of all the Members, Staff and Trustees I would like to express special thanks and appreciation to Durham Community Action's funders for their continued support.

Jan Worters MBE
Chair of Executive Committee

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

PURPOSE

Durham Community Action (the charity) exists to improve the quality of life for people and communities in County Durham and the surrounding areas.

County Durham is defined as 85% rural according to Defra, and disadvantage manifests itself in a number of different ways. In the isolated west Durham Dales for example, poor provision of local services and transport particularly affects both older people and young people limiting access to public services, social and employment opportunities. Fuel and food costs are high, resulting in pockets of poverty. Ex-mining communities in the east of the county have high levels of deprivation with low skill levels, poor educational attainment and significant health problems.

The purpose of the charity is 'to promote the benefit of the inhabitants of County Durham and the surrounding areas without distinction of sex, sexual orientation, race or of political, religious or other opinions, by associating together the said inhabitants and the statutory authorities, voluntary and other organisations in a common effort to advance the welfare of the said inhabitants with the object of improving their conditions of life, through any or all of the following:

- (a) the relief of poverty;
- (b) the advancement of education;
- (c) the advancement of health;
- (d) the relief of unemployment;
- (e) the promotion of urban and rural regeneration;
- (f) such other charitable purposes as may from time to time be determined.'

The charity seeks to be recognised by customers as a sustainable organisation delivering first class infrastructure support services, and by stakeholders as an independent, reliable, professional body, providing expertise on voluntary and community sector affairs at national and local levels.

OBJECTIVES, PERFORMANCE AND ACHIEVEMENTS

The Trustees consider the Charity Commission's guidelines on public benefit, including 'Public benefit: running a charity (PB2) when shaping and planning the charity's objectives and activities.

During the year, the charity's objectives continued to be focused around the five main themes detailed below, each designed to provide assistance and support for communities across County Durham. Those objectives were underpinned by a detailed business plan setting out a series of planned activities that were either designed and delivered in-house, or contracted with partner organisations and consortia on given themes or in specific geographical areas of County Durham.

Good progress was made in delivering each of the five themes during the year, producing a range of outcomes that provided clear public benefits:

Objective 1 - Enabling enterprise by offering advice and support to foster the development of community interest companies and social enterprises.

Priorities	Working in partnership with Durham University, the charity continued into delivery of the second of the 2 year Transformation of Services programme, led by Durham County Council (the Durham Ask). This involved delivery of a range of services to support community enterprises, with a particular focus on groups and organisations undertaking asset transfers from Durham County Council in the form of buildings or services. Durham Community Action's support included help and advice on governance, funding, business planning, and the start-up and growth of new Community Interest Companies. Additional funding from the Esmée Fairbairn Foundation supported development of Food Durham (the County Durham Local Food Partnership) including the establishment of the new Local Food Hub.
-------------------	---

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

Achievements	<ul style="list-style-type: none"> • Food Durham (Local Food Partnership) hosted and developed. • Community Growing project consolidated, supporting local growing groups with help to start up, advice and training. • County Durham Local Food Hub established providing marketing advice and support to local food producers, and brokering new distribution outlets for local food. This work culminated in the establishment of Food Durham Trading Limited, a new wholly-owned trading subsidiary for DCA that was incorporated after the year end. • Share and Learn Network established enabling community organisations to provide peer to peer support. 90 active members were recruited during the period, and 4 networking events were held, plus a Trustee Conference for volunteers who manage community buildings. • Continued support and development for Durham Coast and Lowlands LEADER programme (a business and economic development grant scheme). • 16 'Durham Ask' asset transfers were supported. • 198 new Community Interest Organisation (CIO) registrations supported, and 100 community businesses were supported through start up and growth.
Public benefit	<ul style="list-style-type: none"> • Better integration of funding advice services with regional networks so that communities have access to a broader range of specialist advice and information to support their work. • As public services face increasing contraction, communities in County Durham are more resilient and informed about developing local solutions to local issues, and have increased capacity to work entrepreneurially to sustain local services. • Community enterprises are better networked, supported by peer to peer groups to share learning and experiences.

Objective 2 - Getting voices heard by using grassroots knowledge to champion the interests of local communities with national and local policymakers, and by providing practical support for neighbourhood planning and grassroots engagement that helps to provide solutions that sustain communities both socially and economically.

Priorities	<p>The charity continued to provide practical help and advice for front line community and voluntary sector groups, as a result of transformation funding, and additional funding from the County Durham Partnership (Durham County Council and Durham Constabulary). As the principal Voluntary & Community Sector infrastructure support provider for County Durham, Durham Community Action was also able to build capacity and knowhow at a local level and within smaller organisations, particularly those led by volunteers. Support was provided for networking, collaboration between groups, and to develop new partnerships.</p> <p>Supported by Defra funding via ACRE, the charity also provided local intelligence and feedback about the impacts of policies on rural communities across County Durham. The interests of the voluntary and community sector were represented through a variety of channels and thematic partnerships, at local, regional and national levels.</p>
Achievements	<ul style="list-style-type: none"> • DCA continued to chair the Advice in County Durham Partnership, and supported development of the 120 strong membership through a cross sector training programme for practitioners and Trustees. Networking events held every two months continued to attract high levels of participation (60-80 at each event) from members. • Provided community planning training and support for Town and Parish Councils and hosted a Neighbourhood Planning event with DCLG,

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

	<ul style="list-style-type: none"> • Represented the voluntary and community sector on 10 Area Action Partnerships, including input to thematic working groups • Collaborated with Durham County Council's Adult & Community Learning team to develop procurement best practice and to engage the voluntary and community sector in market testing. • Completed consultation and data analysis on two community and economic plans. • Provided strategic input on behalf of County Durham Partnership into regional opportunities for economic development (LEADER, Regional Rural Growth Initiative, ESIF and Community Led Local Development). • Represented the voluntary sector and helped to shape policy through representation on numerous forums and boards including the Advice in County Durham Partnership, Better Together Forum, Durham Coast & Lowlands LEADER Local Action Group, NEFRAN (North East Farming & Rural Advisory Network), the Patient, Public & Carers Engagement (North Durham), and the Regional Rural Growth Initiative, • Participated in a number of delivery partnerships and networks including ACRE, Building Better Opportunities, the Community Wellbeing Partnership, Funding Information North East, and Wellbeing for Life,
Public benefit	<ul style="list-style-type: none"> • Stronger voluntary and community led partnerships are sharing resources and generating new activity. This in turn ensures that the voluntary sector is actively engaged and represented within key public sector led networks. • Collaborative coalitions are working to deliver public service contracts. • Front line voluntary and community sector organisations are better informed and trained about tendering and procurement processes and social value through market engagement exercises and training.

Objective 3 - Helping communities through the provision of a range of advice and support services for the Voluntary & Community Sector, particularly those running community buildings and village halls in disadvantaged communities.

Priorities	Funding from Defra, Durham County Council, Durham Constabulary, and earned income enabled the charity to support front line community organisations to plan and develop their activities, and to provide services that support their beneficiaries. Activities during the year included training and networking events, assistance with recruiting and managing volunteers, help with funding advice, business planning, and case work through new project development. Priorities included case work, networking, training, and the provision of resources and information. Additional support was provided for community planning, consultation and asset based development.
Achievements	<ul style="list-style-type: none"> • 565 community groups were actively supported. • 826 voluntary and community sector delegates participated in events, conferences and consultations. • 133 organisations and groups benefited from targeted workshops. • 30 shared learning opportunities were provided. • Shared funding information was made available for the voluntary and community sector, together with access to regional opportunities for funding. • Mentoring was provided, and collaboration encouraged with Development Trusts and Social Entrepreneurs. • Information and engagement events were supplemented with training to help less experienced groups to write funding bids and tenders. • Training and information about neighbourhood and community planning was provided to Town & Parish Councils, through collaboration with the County

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

	Durham Association of Local Councils.
Public benefit	<ul style="list-style-type: none"> • Durham Community Action's support and intervention helped to strengthen and sustain community based services delivered by volunteers, and community buildings managed by local people, helping to support vulnerable beneficiaries. • Peer to peer networks for volunteer trustees were expanded and supported, ensuring greater collaboration, shared learning and new initiatives to share resources and costs. • Knowledge and understanding of the current funding climate was improved within the voluntary and community sector.

Objective 4 - Promoting better health through local food and community growing initiatives, asset mapping local health provision, engaging with local communities to understand their healthcare needs, and then using evidence gathered to seek to influence policymakers and practitioners.

Priorities	<p>The charity worked generically with a diverse range of groups and organisations that promote health in their communities, either through local activities and events, or through specialist communities of interest.</p> <p>During the year, we consolidated our Community Growing initiative which is funded by County Durham Community Foundation, and the Tudor Trust. This project provides advice and case support for community led growing schemes (gardens and food initiatives) across County Durham. Additional funding from two of Durham County Council's Area Action Partnerships, enabled further targeted activity to be delivered in the Derwent Valley and Durham City.</p> <p>The charity chaired and actively participated in the Advice in County Durham Partnership helping to develop a streamlined on-line referral system for clients into key advice agencies, including the Citizens Advice Bureau, Foodbanks, housing providers and welfare rights.</p> <p>The charity also delivered two further projects with specific health objectives:</p> <ul style="list-style-type: none"> • The first, delivered in partnership with North Durham Clinical Commissioning Group (NDCCG) provided community engagement and feedback, particularly via seldom heard communities about NDCCG priority areas. • The second, delivered as part the Wellbeing for Life consortium, focused on provision of community development (asset mapping and asset based development) in three targeted communities (hubs) within County Durham. Wellbeing for Life offers a holistic, community based range of services to stimulate better health and wellbeing and behaviour changes.
Achievements	<ul style="list-style-type: none"> • Community development support provided for 58 groups and organisations to start up new activities and to raise funding for new activity groups. • 3 x City & Guilds accredited Health Trainer courses developed, launched and delivered in targeted community venues to 45 community beneficiaries (volunteers and community activists), working in partnership with Bishop Auckland College. • 6 consultation events held with seldom heard communities, and 19 local focus groups arranged and delivered to inform the Better Health Programme. • Consultation briefing reports produced with feedback for primary care providers. • Consulted, developed and launched a community growing network via the

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

	Local Food Partnership, and secured resources via County Durham Community Foundation to launch an Edible Estates project.
Public benefit	<ul style="list-style-type: none"> Community volunteers and members of the public were better informed about the range of resources and support available in their area to support healthier living. A stronger, more comprehensive range of advice and help was made available to support community initiatives, helping to encourage new ideas, and increase levels of engagement from members of the public. Patients and health support groups were provided with a clearer conduit to influence and shape mainstream health provision. Members of the public were given access to local, community orientated activities that help to increase their social networks, build confidence and generate new initiatives. Greater opportunities provided for one to one support to make healthier life choices more accessible for people who are isolated through poverty, ill health, or lack of transport.

Objective 5 - Supporting volunteering by encouraging and supporting individuals to take up local opportunities, providing accredited training to enable volunteers to develop their knowledge and skills, celebrating achievement, encouraging more employers to recognise the inherent value of volunteering, and promoting kitemarking to ensure a quality volunteering experience.

Priorities	<p>The key priority for the year was the consolidation for the Centre for Volunteering in County Durham, made possible through investment from the charity's partnership with Durham County Council and Durham University (transformation funding).</p> <p>During the year we operated an NCVO accredited, robust and recognisable centre for volunteering in County Durham, together with an engaged infrastructure of organisations and agencies that support and promote volunteering.</p> <p>Integral to this priority was the delivery of a Volunteering Strategy for County Durham, which in turn supports a strong network of agencies and organisations in both the voluntary and public sectors, who collaborate to refine and develop services (e.g. the Volunteering Kitemark, and the Volunteer Passport), and to share good practice.</p>
Achievements	<ul style="list-style-type: none"> We implemented our NCVO accredited volunteering strategy for County Durham. 580 registered volunteers were provided with one to one support. 743 new volunteers were registered and supported to find placements. 863 volunteering opportunities were advertised, and we supported and promoted 286 new opportunities. We established and led the Volunteer Co-ordinators' Forum, with a membership of over 121 organisations and agencies that met four times during the course of the year. 7 organisations began developing their Volunteering Kitemark, and 4 organisations successfully completed their assessments and were awarded the Kitemark. 384 volunteer involving groups were supported to manage volunteers. 95 outreach activities were held to promote volunteering in County Durham. We assessed and consulted on the Volunteering Awards and developed a new approach to recognising volunteer contributions. We designed and

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

	<p>secured sponsorship for a Volunteer Celebration during the summer of 2017.</p> <ul style="list-style-type: none">• An estimated 29,000 volunteers have been connected into the voluntary, community and public sectors in County Durham to date.
Public benefit	<ul style="list-style-type: none">• As a result of this work, volunteer involving organisations in County Durham are more effectively networking, sharing good practice and collaborating on initiatives that help to make the volunteering experience in County Durham rewarding and better supported.• There are opportunities for a more diverse range of volunteering opportunities and work experience, supported by accredited training opportunities for volunteers seeking to build their skills and have them recognised (the Volunteer Passport).• There are improved pathways for volunteers to access opportunities, develop their experience and make contributions that are both valued and add value to civil society.• One to one advice and help is now available for people who are less confident, enabling them to enter volunteering and be supported into placements that are rewarding for both volunteers and communities.• Volunteer led groups and organisations have support and ready access to advice and help when they need it. They are better informed and have resources to hand that help them to ensure that their volunteers are well trained and supported.

FINANCIAL REVIEW

Result

The result for the financial year ended 31 March 2017 showed a deficit of £7,451, compared to a deficit of £131,069 in 2016 (after pension buy out costs of £245,116). This was split between a £51,641 unrestricted surplus from the charity's core activities, and a deficit of £59,092 on its restricted activities.

The deficit on restricted funds relates to year on year differences in the timing between funds being received, and expended on project activity. However, in our day to day activities we recorded a positive year end result. We regard this as a significant achievement given the difficult funding climate. The outcome is a reflection of continued careful management of costs combined with a proven track record of delivery, that enabled us to attract and deliver additional fully funded activities using our existing staff resources.

Financial procedures

Our financial planning follows an annual cycle, linked into the business planning and reporting rounds. The draft annual budget for organisational core costs is usually set by the Board of Trustees at the start of each financial year, however the changing nature of income streams means that the budget sometimes needs to be finalised after the financial year has commenced. Income and projected expenditure for programmes / projects and work streams during the year are factored into the budget. This is done on a pro rata basis as the reporting and monitoring rounds for projects / programmes are significantly variable, and subject to funders' requirements.

The charity operates an accounting system that ring fences project / programme funding within the accounts, ensuring that monitoring and auditing systems are transparent. The Executive Committee undertakes regular monitoring of the budget on a bi-monthly basis, supported by the Head of Business & Finance.

Durham Community Action's accounts are subject to a full external inspection on an annual basis. The charity complies with Charity Law by lodging all accounts with the Charities Commission. The

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

accounts are authorised and approved by the Board of Trustees and presented to members for adoption at the Annual General Meeting each Autumn.

Expenditure is maintained using the principle of generally only undertaking fully funded projects and programmes, and monitoring activity against agreed budgets. Wherever possible the charity tries to achieve full cost recovery, however this is proving increasingly difficult to achieve given the challenging funding climate in which the charity operates.

The aim is to maintain a diverse portfolio of funding sources. Forms of investment in services are also varied and include a balance of income from grants, contracts, commissions and earned income. Sources of funding include:

- Charitable Trusts
- European
- Government
- Health
- Local Authorities

Details of incoming resources for project based activities are listed in Note 4 to the accounts p26.

Surplus cash balances are invested on deposit to earn interest at the best available rate having due regard to the balance between risk and reward.

The charity provides some administrative services for community organisations that also generate a small income. These include training activities, and services such as printing and copying. An insurance scheme is provided for community buildings that generates a small commission income; this is used to directly support charitable activities. In addition, management fees and a small amount of rental income are derived from the projects that are operated, and used to support core activities.

Investment powers and policy

Under the Memorandum and Articles of Association, the Trustees have the power to deposit or invest funds in any manner, including establishment of a trading arm (but to invest only after obtaining advice from a financial expert and having regard to the suitability of investments and the need for diversification). They have adopted a conservative policy on depositing funds and choose only low risk deposits.

Reserves Policy

At 31 March 2017 the Charity's free reserves were £294,383, with an additional £119,560 held in restricted funds that are ring fenced to support specific projects.

The Trustees have forecast that the level of free reserves required to sustain the operations of the charity will be equivalent to a minimum of six months' core costs and redundancy costs, being organisational, management and administrative support costs. In addition, the Trustees have designated an additional amount for staff training and developmental work, and the continued development of a customer information management system.

This expenditure is considered necessary to foster improved working which are compliant with EU led GDPR regulations that are due to be implemented in 2018. Details are provided in the table below:

Description	Amount
Total reserves	£458,545
Comprising:	
Restricted funds (ring fenced to support specific projects)	£119,560
Unrestricted funds (see note 15)	£338,985
Less fixed assets	(£44,602)
Free reserves	£294,383

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

Free reserves are ring-fenced for the following:	
Six months' core costs and estimated redundancy costs	£153,000
Contribution to 2017-2018 budget	£107,400
Customer information management system	£5,010
Provision of services in 2018-2019	£28,973
Total	£294,383

The Trustees recognise the changing landscape for funding and investment into the charity's work. They have looked closely at the factors that influence change and how they may affect the priorities and future of the organisation e.g. partnership working, changes in professional networks and public policy, reductions in funding for public services, uncertainty about new programmes, and the potential impacts of national or strategic policy changes such as devolution, and the UK's planned exit from the European Union.

Financial risks

These are considered in the Risk Management section on p15 this document.

Plans for future periods

The charity will continue to operate in a manner that is designed to meet its primary objectives as described previously. Development work will be maintained over the coming year with colleagues and stakeholders relating to changing policy on service delivery.

Since the financial year end, the charity has established Food Durham Trading Limited as a wholly owned subsidiary that will handle commission income which is due to be received from the nascent local food hub initiative. This subsidiary will ringfence the charity from the risks associated with non-primary purpose trading, however the charity will benefit from income earned through gift aid arrangements. There will be representation on the trading subsidiary board through the presence of two charity appointed Directors. The charity has taken specialist legal advice to ensure that the trading subsidiary is structured in a way that minimises financial and reputational risk to Durham Community Action.

The charity will continue to develop its customer information management system by drawing on funds from reserves. This represents a significant investment in the future efficient operation of the charity.

The Trustees have convened specifically to consider how the charity prepares and manages for the future. As set out in the Reserves Policy, the Trustees have considered the implications for change, together with an estimated protracted period of uncertainty, that will be exacerbated by the UK's planned withdrawal from the European Union.

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Document

Durham Community Action Limited is a company limited by guarantee and does not have share capital. The charity is governed by Memorandum and Articles of Association that were adopted on 17 October 2013.

The charity is registered with the Charity Commission. Membership is open to any individual or organisation that meets the criteria specified in the Memorandum and Articles of Association. Every member promises, if the Charity is dissolved while he, she or it remains a member or within 12 months afterwards, to pay up to £10 towards the costs of dissolution and the liabilities incurred by the Charity while the contributor was a member.

Appointment of Trustees (Executive Committee)

The Trustees as charity trustees have control of the Charity and its property and funds, however there is no individual exercising significant control (PSC). There must be a minimum of five Trustees and a maximum of twenty Trustees. Any person qualified and wishing to become a trustee must be aged 16

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

years or over and must either be recommended by the Trustees or be nominated for election by a member of the Charity, in accordance with Article 6.3 of the Memorandum and Articles of Association.

At each Annual General Meeting, one-third of the Trustees must retire who have been longest in office, but may offer themselves for re-election or further co-option. As between Trustees with the same length of service, they may agree between themselves who shall retire, but if they cannot agree, the matter will be decided by lot.

The Trustees may at any time co-opt any individual duly qualified to be appointed as a Trustee to fill a vacancy in their number or as an additional Trustee. However, a co-opted Trustee can only hold office until the next AGM and the total number of co-optees at any one time shall not be more than one-half of the elected Trustees.

All the charity's trustees are volunteers and provide their time freely. Expenses are offered to cover travel costs. Trustees attending appropriate conferences and networking activities for the charity may also be reimbursed for travel costs, conference fees and occasional accommodation when an overnight stay is necessary. No trustees benefit financially, contractually or materially from their roles.

Trustee Induction and Training

New Trustees undergo orientation meetings to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the Executive Committee and decision making process, the business plan and recent financial performance of the charity. During the induction process they meet key employees and other Trustees. All Trustees are encouraged to attend appropriate external and internal training events.

Officers

The honorary posts of Chair, Vice-Chair and Treasurer are elected by serving Trustees immediately after the Annual General Meeting.

Organisation

Currently membership of the Board of Trustees stands at eight. The Executive Committee meets bi-monthly, and on an ad hoc basis if the necessity arises. There is the facility to establish ad hoc task and finish sub-groups. One sub-group is currently considering future Board Membership.

Key Management Personnel

The Trustees hold overall responsibility for management of the organisation, its assets, staff and funds. Responsibility for day to day management of the organisation, finance, employment of staff, and for providing support and resources to the Trustees to enable strategic planning and management, is delegated to the Executive Director. She is appointed by the Trustees to manage the operations of the charity, and is an employee of the company. Despite the title, the Executive Director is neither a Director of the Company or a Trustee of the Charity.

The Executive Director manages the charity through a small senior management team. This comprises the Head of Business & Finance (who has responsibility for governance, financial performance, monitoring and planning, information and communications, and work space management), and the Head of Community Services (who is responsible for ensuring line management of all delivery staff, effective delivery, monitoring and reporting on all of the charity's service delivery, and maintaining professional relationships with funders and delivery partners). Details of the Key Management Personnel and their costs as included in note 8.

Pay policy for senior staff

Salary scales for senior staff are determined by the Trustees having due regard to remuneration for similar roles with the voluntary and community sector, and nationally agreed NJC salary scales for local government posts with comparable levels of responsibility. No employee earned more than £60,000 during the year.

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

Use of volunteers

The charity provides a comprehensive range of services that promote and support volunteering across County Durham. These services are provided through an NCVO accredited Volunteer Centre. The priorities and achievements for volunteering services are set out in Objective 5 (p9-10 above)

The charity's work is directly supported through the Trustees, all of whom are volunteers. The recruitment and management of casual volunteers is handled through the Volunteer Centre, and there are appropriate policies, procedures, and agreements in place to cover both their recruitment, and their roles and engagement with the charity's staff and work.

Related parties & co-operation with other organisations

The charity's work programme is first and foremost determined by the needs of the communities that it serves and this reflects the interests of its members.

Wherever possible the charity tries to align its work to prevailing national, regional and local policies and priorities, by working closely with a range of partners, including ACRE, County Durham Partnership, Durham County Council, the office of the Police and Prevention of Crime Commissioner, and North Durham Clinical Commissioning Group. The charity also endeavours to respond positively to requests from the voluntary and community sector within County Durham, and to various community based networks and partnerships. As a result, close working relationships are maintained with a range of other organisations, although none meet the related parties' criteria as defined in company law:

- During 2016/17 the charity maintained a Funding Agreement with Action for Communities in Rural England (ACRE) to provide intelligence and information for Defra about particular areas of policy, as it affects rural communities, on a regional and county-wide basis, with respect to economic development, housing, transport, access to services and broadband provision.
- The charity maintains a strong relationship with Durham County Council, and is recognised by the Council as the primary voluntary and community sector infrastructure support organisation for County Durham. This provided the council with a single conduit for public sector investment into VCS (Voluntary and Community Sector) support services. County Durham Constabulary also made a contribution to the Grant Funding Deed that the charity has with the County Council. This contribution helped to support work with front line community groups and organisations.
- Health was an important theme during 2016/17. Working as an equal member in a formal consortium with a range of partners (Durham & Darlington NHS Foundation Trust, Durham County Council Sports & Culture, Leisureworks and Pioneering Care Partnership), the charity delivered healthy living objectives for communities across the county as part of the Wellbeing for Life programme.

Work also continued to deliver the Community Engagement Project which was funded by the North Durham Clinical Commissioning Group. This initiative (which ended in March 2017, and re-focused to develop VCS engagement with the emerging Integration of Health and Social Care programme) aimed to give patients, carers and members of the public an opportunity to become involved in the planning, provision and development of health services operating across North Durham.

During the year the charity delivered Neighbourhood Networks, a pilot scheme to recruit and support volunteers, acting as good neighbours for more isolated and elderly people in three targeted communities. This small project was funded by Mid Durham Area Action Partnership and Durham County Council's Public Health Team

- The charity was represented on, and supported a range of networks and partnerships including the Third Sector Strategy Working Group of the County Durham Partnership, County Durham Economic Partnership, Regional Rural Growth Network, North East Farming & Rural Advisory

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

Network (NEFRAN), the VCS Working Group, the Advice in County Durham Partnership, and the Greater Northern Group of Rural Community Councils.

- The Food Durham Partnership, and the Volunteer Co-ordinators Forum (a network of over 100 organisations engaged in volunteering across the North East and Yorkshire) were amongst the networks and organisations chaired or supported by the charity during the year.

Risk management

The Executive Committee of Trustees has a risk management strategy that comprises:

- An annual review of the risks that the charity may face.
- The establishment of systems and procedures to mitigate those risks identified in the risk assessment, and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

Risks classified as being related to Health and Safety are covered by the implementation of the Health and Safety policy adopted by the Executive Committee. This is monitored by a senior member of staff (Head of Business & Finance) and a nominated Trustee. A review of Health and Safety risks is carried out periodically and actions arising from reviews are implemented as appropriate.

Internal financial risks are minimised by the implementation of procedures for authorisation of all transactions and projects, and the separation of duties of both Trustees and members of staff.

The rapid and changing nature of government policy, allied to constraints and cuts to all forms of public and charitable funding, together with funding criteria for the charity's areas of expertise has been identified as the major risk. In addition, the United Kingdom's planned withdrawal from membership of the European Union calls into question a significant source of potential future funding. Together these may lead to reductions in income for the charity.

The reserves allocation policy detailed earlier offsets the actual and contingent liabilities of the organisation against the combined value of all unrestricted funds. This policy allows the charity to continue to operate on a reduced basis until alternative funding arrangements can be put in place.

Key risks for the coming 2-3 years, together with mitigating actions that have already been taken, or which are planned for, are outlined in the table below, and further considered as part of the Reserves Policy and Plans for future periods.

Risk	Nature of Risk	Mitigation
UK withdrawal from the European Union (EU)	<ul style="list-style-type: none">• Lack of certainty over EU funded programmes and investment for economic development.	<ul style="list-style-type: none">• The charity is formally signed into programmes that were signed off in advance of the EU Referendum.• Continuing active engagement with the Economic Partnership and Regional Rural Growth Initiative, collaborating with partners to champion investment opportunities for the region, and for County Durham.• Closer engagement with the Economic Partnership to monitor, assess and manage fallout from the EU referendum decision.
Further austerity measures and increasing withdrawal of funding for public	<ul style="list-style-type: none">• Diminishing opportunities to fund infrastructure, policy and support services for community organisations.	<ul style="list-style-type: none">• Continuing development of niche specialities within the staff team to allow responsiveness to needs, increase our reach and to fill gaps in service provision that open up, ensuring that services are cost effective & meeting

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

services.	<ul style="list-style-type: none"> Public service priorities focused on crisis interventions and removed from preventative community initiatives. 	<p>needs.</p> <ul style="list-style-type: none"> Continued close working with thematic partnerships (Volunteering and Advice) to address needs and develop improved collaboration in service provision (shared resources, co-locations and shared intelligence).
Large scale transfers of public sector services and contracts	<ul style="list-style-type: none"> Lack of capacity and resources to bid for large contracts. Payment by results Bankrolling TUPE implications 	<ul style="list-style-type: none"> Ensuring formal, relevant and bid ready consortia are in place with Memoranda of Understanding and partnership agreements. Spread the risk and share resources and liabilities with a balance of larger and smaller, niche organisations and partners. Ensure that Durham Community Action retains organisational scale and resources that are sufficient to deliver realistic levels of service, whilst also reacting responsively to opportunities.
Loss of key staff and skills (in the face of reduced levels of funding)	<ul style="list-style-type: none"> Capacity for sustaining key relationships, and ability to work responsively. Resources to build intelligence and sustain the evidence base for influencing and shaping new work. 	<ul style="list-style-type: none"> Adopt smarter, less labour intensive approaches to communications, information sharing and making resources available for beneficiaries. Ensure staff engagement and training programmes are in place, optimising specialist skills and experience within the delivery team. Enabling closer co-working and collaboration between the charity's staff and partner staff members, thereby adding value to resources and consolidating working relationships.
Expansion of DCA's activities into non-primary purpose trading activity e.g. Durham local food hub	<ul style="list-style-type: none"> Financial risks associated with trading activity, including possible corporation tax liabilities and the threat to DCA's charitable status Reputational risk arising from poor advice, and product quality issues 	<ul style="list-style-type: none"> Establishment of a separate incorporated trading subsidiary (Food Durham Trading Limited) to ring fence the main charity from financial and reputational risk. Specialist legal and financial advice to ensure that appropriate governance, legal documentation and accounting systems are in place to properly ringfence the subsidiary.

DURHAM COMMUNITY ACTION LIMITED

REPORT OF THE DIRECTORS AND MANAGING TRUSTEES YEAR ENDED 31 MARCH 2017

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also the Directors of Durham Community Action Limited for the purposes of company law) 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 charity Trustees to prepare financial statements for each year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

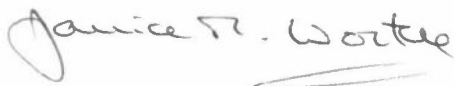
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent examiner

The members appoint the Independent Examiner at the Annual General Meeting. The Trustees recommend that RSM UK Tax and Accounting Limited be reappointed as Independent Examiner for the ensuing year, and a resolution to this effect will be proposed at the forthcoming annual general meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Signed by order of the Trustees



J Worters MBE
Chair of Executive Committee

DURHAM COMMUNITY ACTION LIMITED

INDEPENDENT EXAMINERS REPORT TO THE MEMBERS OF DURHAM COMMUNITY ACTION LIMITED YEAR ENDED 31 MARCH 2017

I report on the accounts of Durham Community Action Limited for the year ended 31 March 2017, which are set out on pages 19 to 35.

Respective responsibilities of Trustees and examiner

The Trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145 (5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Name: Lucy Robson

Relevant professional qualification or body: ICAEW

Y. Robson

ON BEHALF OF RSM UK TAX AND ACCOUNTING LIMITED
Chartered Accountants
1 St James Gate
Newcastle upon Tyne
NE1 4AD

28/09/17

DURHAM COMMUNITY ACTION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) YEAR ENDED 31 MARCH 2017

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
INCOME FROM:					
Donations and legacies	3	6	60	66	20
Charitable activities	4	53,775	577,362	631,137	757,889
Other trading activities	5	17,399	-	17,399	20,600
Investments	6	2,151	-	2,151	3,124
TOTAL INCOME		<u>73,331</u>	<u>577,422</u>	<u>650,753</u>	<u>781,633</u>
EXPENDITURE ON:					
Charitable activities	7	21,690	636,514	658,204	667,586
Pension buy-out		-	-	-	245,116
EXPENDITURE		<u>21,690</u>	<u>636,514</u>	<u>658,204</u>	<u>912,702</u>
NET INCOME / (EXPENDITURE)		<u>51,641</u>	<u>(59,092)</u>	<u>(7,451)</u>	<u>(131,069)</u>
TRANSFERS BETWEEN FUNDS		9,117	(9,117)	-	-
NET MOVEMENT IN FUNDS	9	<u>60,758</u>	<u>(68,209)</u>	<u>(7,451)</u>	<u>(131,069)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		278,227	187,769	465,996	597,065
Total funds carried forward	15	<u>338,985</u>	<u>119,560</u>	<u>458,545</u>	<u>465,996</u>

The statement of financial activities includes all gains and losses recognised in the year.

All of the activities of the charity are classed as continuing.

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

Company number 00309329

BALANCE SHEET as at 31 MARCH 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	10	26,602	6,065
Intangible assets	10	18,000	-
		<u>44,602</u>	<u>6,065</u>
CURRENT ASSETS			
Debtors	11	35,950	63,982
Cash at bank and in hand		438,511	474,537
		<u>474,461</u>	<u>538,519</u>
CREDITORS: Amounts falling due within one year	12	<u>(60,518)</u>	<u>(78,588)</u>
		<u>413,943</u>	<u>459,931</u>
NET ASSETS		<u>458,545</u>	<u>465,996</u>
THE FUNDS OF THE CHARITY			
Restricted funds	15	119,560	187,769
Unrestricted funds:			
General	15	<u>338,985</u>	<u>278,227</u>
TOTAL CHARITY FUNDS		<u>458,545</u>	<u>465,996</u>

For the year ending 31 March 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and its members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved and authorised for issue by the Trustees on 21 September 2017 and are signed on their behalf by:



J Worters MBE
Chair of Executive Committee

The notes on pages 22 to 35 form part of these financial statements.

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Cash / generated from operating activities	19	4,952	102,069
Pension buy-out		-	<u>(444,508)</u>
Net cash generated/(used) in operating activities		4,952	(342,439)
Cash flows from investing activities			
Purchase of property, plant and equipment		<u>(43,129)</u>	<u>(3,230)</u>
Net cash used in investing activities		<u>(43,129)</u>	<u>(3,230)</u>
Cash flows from financing activities			
Interest received		<u>2,151</u>	<u>3,124</u>
Net cash provided by financing activities		<u>2,151</u>	<u>3,124</u>
Decrease in cash and cash equivalents in the year		(36,026)	(324,545)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		474,537	817,082
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>438,511</u>	<u>474,537</u>
RELATING TO:			
Cash at bank and in hand		<u>438,511</u>	<u>474,537</u>
Total cash and cash equivalents		<u>438,511</u>	<u>474,537</u>

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) (effective 1 January 2015) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK (FRS102) and the Companies Act 2006.

Durham Community Action Limited is a charitable company limited by guarantee, registered in England. The address of the Charity's registered office and principle place of business is 8 St. Stephens Court, Low Willington, Crook, County Durham, DL15 0BF. The charity meets the definition of public benefit entity under FRS102.

Going concern

Financial Reporting Standard 102 requires, if appropriate, the charity's financial statements are prepared on the going concern basis, which means that the charity is able to operate for the foreseeable future on the basis of known and reasonable projected resources. There are no material uncertainties in respect of the charity's ability to continue as going concern. The charity derives its income from a range of sources which minimises its exposure to difficult economic conditions. The charity holds sufficient free reserves to meet medium term core costs as detailed within its' reserves policy. As a consequence, the Trustees believe that the charity is well placed to manage its business risks successfully and thus they have adopted the going concern basis of accounting in preparing the financial statements.

Fund accounting

Unrestricted funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds in furtherance of the charity's objectives.

Restricted funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure that meets these criteria is charged to the fund, together with a fair allocation of support costs.

Income

Income from charitable activities

Income is recognised in the period in which the charitable company has entitlement to the funds, any conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Grants for immediate expenditure and with no conditions on the delivery of a specific performance by the charity are accounted for when the charity becomes unconditionally entitled to the grant. Grant income where related to performance and specific deliverables which will occur in future accounting periods are deferred and recognised in those periods where the charity earns the right to consideration by its performance. Grants received for specific purposes are treated as restricted funds.

Donations

Donations are included in the Statement of Financial Activities when receivable. In accordance with the Charities SORP (FRS102) general volunteer time is not recognised.

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

Other income

Rental & other income are recognised on a receivable basis. Income from insurance commissions is recognised as earned (as services are provided).

Investment Income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Expenditure is all considered as expenditure on charitable activities. Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Resources expended are included in the Statement of Financial Activities on an accruals basis. They include:

Project costs

These relate to the costs of carrying out the activities and services of the charity for its beneficiaries. Where there are costs common to both charitable activities and central functions an apportionment is applied on a reasonable basis, i.e. staff costs for time spent.

Support Costs

Costs relating to central functions are allocated to activities on a reasonable basis.

Governance costs

This relates to the costs associated with meeting the constitutional and statutory requirements of the charity and include the accounting fees and costs linked to the strategic management of the charity.

Fixed Assets and Depreciation

Assets are initially measured at cost and subsequently stated at cost less accumulated depreciation. The costs of minor additions or those costing below £500 are not capitalised. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment	- 25% reducing balance
Leasehold property improvements	- 4 years straight line

Subsequent costs, including replacement parts are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

Intangible Assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

CRM System	- 25% straight line
------------	---------------------

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

Retirement benefits

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charitable company. The amount charged to the Statement of Financial Activities is the contributions payable in the year. Differences between contributions payable in the year and actually paid are shown as either prepayments or accruals.

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the charity substantially all of the risks and rewards incidental to ownership ('Financial Leases'). All other leases are operating leases.

Operating leases – the charity as a lessee

The charity classified the lease of properties and equipment as operating leases. Rental charges are charged to the statement of financial activities on a straight line basis over the period of the lease. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight line basis over the lease term.

Financial Instruments

The charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS102, in full to all of its financial instruments. All of the charities financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors

Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and cash in hand includes cash held at bank and cash in hand.

Creditors and provisions

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless these costs are required to be capitalised as an intangible or tangible fixed asset.

Certain employees are entitled to carry forward unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are required.

Critical accounting estimates and areas of judgment

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under circumstances.

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

Critical accounting estimates and assumptions

- The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Critical areas of judgement

- In categorising leases as finance leases or operating leases, the Trustees make judgements as to whether significant risks and rewards or ownership have transferred to the charity as lessee.
- In recognising income from projects, the Trustees make judgements as to whether the conditions of income have been met.

2. TAXATION

The company is a registered charity and is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxable Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

3. INCOME FROM DONATIONS AND LEGACIES

	2017 Restricted £	2017 Unrestricted £	2017 £	2016 £
Donations	60	6	66	20
	<u>60</u>	<u>6</u>	<u>66</u>	<u>20</u>

Donations in the year to 31 March 2017 were all unrestricted.

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

4. INCOME FROM CHARITABLE ACTIVITIES

GRANTS RECEIVABLE:					
	Unrestricted	Restricted	Restricted		
	Core	Support &	Community		
		Advisory	Development	2017	2016
	£	£	£	£	£
Unrestricted					
ACRE	53,775	-	-	53,775	58,184
Citizens Advice Bureau	-	-	-	-	10,000
Restricted					
Bishop Auckland Town Council	-	-	3,727	3,727	731
Durham County Council	-	309,750	5,628	315,378	351,987
Citizens Advice Bureau	-	-	-	-	6,000
NHS North Durham Clinical Commissioning	-	-	58,562	58,562	93,083
County Durham and Darlington Foundation Trust	-	-	139,527	139,527	171,530
County Durham Community Foundation	-	-	30,000	30,000	9,456
Tudor Trust	-	-	-	-	28,368
Esmee Fairbairn	-	7,050	-	7,050	9,304
West Rainton Parish Council	-	-	2,775	2,775	-
People's Health Trust	-	3,350	-	3,350	-
Other	-	-	16,993	16,993	19,246
TOTAL	53,775	320,150	257,212	631,137	757,889
2016 total	68,184	332,251	357,454	757,889	

5. INCOME FROM OTHER TRADING ACTIVITIES

UNRESTRICTED:	2017	2016
	£	£
Insurance income	6,654	4,549
Other	10,745	16,051
	17,399	20,600

6. INCOME FROM INVESTMENTS

	2017	2016
	£	£
Unrestricted - Bank interest receivable	2,151	3,124

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Core	Support & Advisory	Community Development	2017	2016
	£	£	£	£	£
Staff costs	11,027	334,382	186,857	532,266	503,628
Consultancy	-	-	1,057	1,057	36,548
Meeting expenses	1,626	1,081	5,533	8,240	24,471
Support costs (see below)	9,037	23,226	84,378	116,641	102,939
TOTAL	21,690	358,689	277,825	658,204	667,586

Expenditure in the year to 31 March 2017 included £636,514 of restricted expenses.

SUPPORT COSTS

	2017	2016
	£	£
Marketing and promotion	315	1,337
Cleaning and welfare	4,923	3,580
Electricity and gas	6,024	6,721
Repairs and renewals	1,278	1,518
Insurance	5,382	6,808
Rents payable	26,274	19,582
Water	990	847
Travel costs	14,821	17,364
Staff training	414	2,185
Printing postage and telephone	10,594	12,757
Computer costs	14,176	5,989
Publications and subscriptions	8,523	1,994
Depreciation	4,592	1,244
Bank charges	20	60
Sundries	5,995	9,818
Governance costs (see below)	12,320	11,135
	116,641	102,939

GOVERNANCE COSTS

	2017	2016
	£	£
Staff costs	1,225	(1,613)
Audit & accountancy fees	4,700	5,700
Legal fees	5,757	6,553
Trustees expenses	638	495
	12,320	11,135

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

8. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

Trustees' emoluments

None of the Trustees received any remuneration during the period, other than the expenses below. There were no related party transactions with Trustees during the period.

The aggregate amount of travelling and subsistence expenses reimbursed to the Trustees during the year was £nil (2016: £6). The number of persons reimbursed was nil (2016: 1).

Employees' emoluments

	2017	2016
	£	£
Wages and salaries	478,485	446,241
Social security costs	40,203	40,079
Other pension costs	14,803	15,695
	<u>533,491</u>	<u>502,015</u>

No employee earned in excess of £60,000 during the year.

Number of employees:

The average number of staff employed by the charity (excluding Trustees) during the financial year was:

	2017	2016	2017	2016
	FTE	FTE	No.	No.
Executive Director	1	1	1	1
Field workers	16	14	19	15
Administration	3	2	3	2
	<u>20</u>	<u>17</u>	<u>23</u>	<u>18</u>

Key management personnel

The key management of the charity comprise the Executive Director, the Head of Business & Finance and the Head of Community Services. Total employee benefits of the key management personnel for the year were £133,943 (2016: £133,943).

9. NET OUTGOING RESOURCES

Net incoming/ (outgoing) resources are stated after charging:

	2017	2016
	£	£
Fees paid to RSM - independent examination	2,600	2,500
- accountancy services	1,100	2,500
Operating lease rentals - land and buildings	26,274	19,582
- other	<u>4,296</u>	<u>3,448</u>

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

10. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Tangible assets		Intangible assets	
	Fixtures, fittings and equipment £	Leasehold property improvements £	CRM system assets	Total £
COST				
At 1 April 2016	37,148	-		37,148
Additions	15,590	9,539	18,000	43,129
At 31 March 2017	52,738	9,539	18,000	80,277
DEPRECIATION				
At 1 April 2016	31,083	-		31,083
Charge for the year	2,803	1,789		4,592
At 31 March 2017	33,886	1,789		35,675
NET BOOK VALUE				
At 31 March 2017	18,852	7,750	18,000	44,602
At 31 March 2016	6,065	-		6,065

All tangible and intangible fixed assets are held for charitable purposes.

11. DEBTORS

	2017 £	2016 £
Prepayments & accrued income	35,950	63,982
	35,950	63,982

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

12. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Accruals and deferred income (note 14)	57,342	68,471
Taxes and social security	2,908	9,663
Other creditors	268	454
	<u>60,518</u>	<u>78,588</u>

Included within accruals of £57,342 is deferred income of £47,342 (2016: £49,273) relating to project income received in advance of entitlement.

13. FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>31,491</u>	<u>59,603</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>10,268</u>	<u>20,106</u>

14. DEFERRED INCOME

	2017	2016
	£	£
Balance at 1 April	49,273	47,128
Amounts released to incoming resources	(49,273)	(47,128)
Amounts deferred in the year	<u>47,342</u>	<u>49,273</u>
Balance at 31 March	<u>47,342</u>	<u>49,273</u>

Income has been deferred as it was received in advance of entitlement. It is expected to be recognised within the next financial year, upon budgeted expenditure being incurred and contract milestones met.

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

15. CHARITY FUNDS

ANALYSIS OF FUND MOVEMENTS 2017

UNRESTRICTED FUNDS

	Balance at 1 Apr 2016 £	Incoming £	Outgoing £	Transfers £	Balance at 31 Mar 2017 £
General funds	278,227	73,331	(21,690)	9,117	338,985
	<u>278,227</u>	<u>73,331</u>	<u>(21,690)</u>	<u>9,117</u>	<u>338,985</u>

RESTRICTED FUNDS

	Balance at 1 Apr 2016 £	Incoming £	Outgoing £	Transfers £	Balance at 31 Mar 2017 £
RuCANNE	2,561	-	(945)	-	1,616
Hallmark Scheme	419	-	(23)	-	396
Calor FREE	124	-	-	(124)	-
County Durham Food Partnership	8,820	-	(4,806)	17	4,031
Weardale Community Buildings Improvements	3,164	-	-	-	3,164
Weardale Community Buildings Training	(3,332)	-	-	3,332	-
Durham County Council Infrastructure	47,819	60,000	(53,438)	-	54,381
County Durham Food Needs Assessment	7,200	-	-	-	7,200
Fuel Poverty Fund	21,168	-	(3,491)	957	18,634
NDCCG Community Engagement Project	30,324	48,962	(75,586)	(3,700)	-
NDCCG Patient Reference Group	4,624	6,000	(955)	(13)	9,656
Neighbourhoods Networks	4,994	-	(2,744)	-	2,250
Wellbeing for Life	21,502	139,527	(145,699)	(15,330)	-
Transition Funding	20,757	249,750	(270,507)	-	-
Community Growing Project	9,810	35,545	(35,067)	6,495	16,783
Local Food Feasibility Study	251	-	-	(251)	-
County Durham Volunteering Celebration	979	-	-	(500)	479
Community Growing Development Fund	3,215	143	(1,372)	-	1,986
Big Energy Savings Network	94	-	(94)	-	-
Buyers Green, Binchester and Newfield Economic Plan	2,649	-	(2,649)	-	-
Bishop Auckland Town Plan	627	3,727	(598)	-	3,756
People's Health Trust – Active Communities Project	-	3,350	(3,350)	-	-
West Rainton Parish Plan	-	2,775	(196)	-	2,579
Reaching Out Across Durham (ROAD)	-	16,993	(14,364)	-	2,629
Better Health Programme	-	3,600	(3,600)	-	-
Durham Local Food Hub	-	7,050	(16,787)	-	(9,737)
Durham Works	-	-	(243)	-	(243)
	<u>187,769</u>	<u>577,422</u>	<u>(636,514)</u>		<u>119,560</u>
TOTAL FUNDS	<u>465,996</u>	<u>650,753</u>	<u>(658,204)</u>		<u>458,545</u>

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

15. CHARITY FUNDS (continued)

ANALYSIS OF FUND MOVEMENTS 2016

UNRESTRICTED FUNDS

	Balance at 1 Apr 2015 £	Incoming £	Outgoing £	Transfers £	Balance at 31 Mar 2016 £
General funds	210,934	91,928	(32,546)	7,911	278,227
Designated fund	253,027	-	(245,116)	(7,911)	-
	<u>463,961</u>	<u>91,928</u>	<u>(277,662)</u>	<u>-</u>	<u>278,227</u>

RESTRICTED FUNDS

	Balance at 1 Apr 2015 £	Incoming £	Outgoing £	Transfers £	Balance at 31 Mar 2016 £
RuCANNE	4,400	-	(1,839)	-	2,561
Hallmark Scheme	443	-	(24)	-	419
Calor FREE	124	-	-	-	124
County Durham Food Partnership	17,505	-	(8,685)	-	8,820
Weardale Community Buildings Training	(168)	-	-	-	(168)
Durham County Council Infrastructure	27,349	115,000	(94,530)	-	47,819
County Durham Food Needs Assessment	7,200	-	-	-	7,200
MHNE	863	-	(863)	-	-
Fuel Poverty Fund	32,541	-	(11,373)	-	21,168
NDCCG Community Engagement Project	26,403	92,088	(88,167)	-	30,324
NDCCG Patient Reference Group	5,557	995	(1,928)	-	4,624
Community Chest Volunteering Project	3,600	-	(3,600)	-	-
Neighbourhoods Networks	9,599	9,041	(13,646)	-	4,994
Wellbeing for Life	-	171,530	(150,028)	-	21,502
Transition Funding	-	217,251	(196,494)	-	20,757
Community Growing Project	795	44,519	(35,504)	-	9,810
Local Food Feasibility Study	(3,607)	9,304	(5,446)	-	251
County Durham Volunteering Celebration	500	11,750	(11,271)	-	979
Community Growing Development Fund	-	4,000	(785)	-	3,215
Big Energy Savings Network	-	4,829	(4,735)	-	94
Big Energy Savings Week 2015	-	6,000	(6,000)	-	-
Buyers Green, Binchester and Newfield Economic Plan	-	2,667	(18)	-	2,649
Bishop Auckland Town Plan	-	731	(104)	-	627
	<u>133,104</u>	<u>689,705</u>	<u>(635,040)</u>	<u>-</u>	<u>187,769</u>
TOTAL FUNDS	<u>597,065</u>	<u>781,633</u>	<u>(912,702)</u>	<u>-</u>	<u>465,996</u>

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

15. CHARITY FUNDS (continued)

Unrestricted Funds General Funds

'Free reserves' available to spend on charitable objectives

Restricted Funds

Comprises income to be used for specific projects. Restricted funds may have negative balances at the year-end if a claim for funding is due to be submitted but staff costs have occurred constantly throughout a project.

Name of fund	Description, nature and purpose of the fund
RuCANNE / ACRE Greater Northern Group	Developing the network of Rural Community Councils in the north-east and secretariat for the Greater Northern Group of RCC's.
Hallmark Scheme	Promoting the delivery of effective and well-managed village halls through a quality standards scheme which is backed up by a system of peer 'visitors'.
County Durham Food Partnership	Facilitating the development of a Local Food Strategy for County Durham and working with partners to implement the plan.
Weardale Community Buildings Improvements	Provision of specialist training support for Community Buildings operating within the Weardale area of County Durham.
Durham County Council Infrastructure Support	Grant funding agreement with Durham County Council for the provision of support services to the Voluntary & Community Sector across County Durham.
County Durham Food Needs Assessment	Undertaking a food and health needs assessment in County Durham.
Fuel Poverty Fund	Earmarked to support future work on fuel poverty related initiatives in County Durham.
NDCCG (North Durham Clinical Commissioning Group) Patient Reference Group	Fund to cover expenses for lay members of the North Durham CCG Patient Reference Group.
Neighbourhood Networks	Working with local service providers, this project uses trained volunteers to support older people to become more involved in local activities and link them to new people. This is helping to create a pilot Neighbourhood Network in New Brancepeth, Esh Winning and Cornsay. The residual balance will be used to support future initiatives for older people in the mid Durham AAP area.
Community Growing Project	Creating a network of new and diverse community growing schemes that will help to improve access to fresh vegetables, herbs and fruit. Supported by the Tudor Trust, County Durham Community Foundation, and Durham County Council (Derwent Valley and Durham City Area Action Partnerships)
County Durham Volunteering Celebration	Annual event funded by corporate sponsorship that recognises the achievements of volunteers, and the value of volunteering across County Durham.
Community Growing Development Fund	Development fund to support the community growing schemes project.

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

15. CHARITY FUNDS (continued)

People's Health Trust – Active Communities Project	Provision of advice and support to 10 community organisations to enable them to apply for health lottery funding through the People's Health Trust Active Communities Project.
West Rainton Parish Plan	Supporting the development of a community led 'Parish Plan' covering the West Rainton & Leamside Parish Council area.
Better Health Programme	Community consultation on a range of health subjects with existing community groups, providing feedback to VONNE as part of a north-east wide health consultation.
Durham Local Food Hub	Helping to build a more efficient and resilient local food supply chain by linking local producers with businesses wanting to buy local food (hotels, restaurants, cafes etc.)
Durham Works	Providing advice and support to assist young people aged 16 to 24 to access new opportunities through volunteering

Transfers

Funds are transferred where agreed with the funding provider, or once projects are complete and funds are not clawed back.

16. ANALYSIS OF NET ASSETS 2017

	Tangible Fixed Assets	Net Current Assets	Total 2017
	£	£	£
Unrestricted funds	44,602	294,383	338,985
Restricted funds	-	119,560	119,560
	44,602	413,943	458,545

ANALYSIS OF NET ASSETS 2016

	Tangible Fixed Assets	Net Current Assets	Total 2016
	£	£	£
Unrestricted funds	6,065	272,162	278,227
Restricted funds	-	187,769	187,769
	6,065	459,931	465,996

17. RETIREMENT BENEFITS

Durham Community Action participates in The Pension Trust's Flexible Retirement Plan, a defined contribution scheme. The Plan is funded and contracted out of the state scheme.

The assets of the scheme are held separately from those of the charity in an independently administered fund. The contributions payable by the charity expensed to income and expenditure amounted to £14,803 (2016: £15,695). Contributions totalling £268 (2016: £454) were payable to the fund at the year end and are included in creditors.

These unaudited financial statements have been subject to independent examination. See report on page 18.

DURHAM COMMUNITY ACTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

18. COMMITMENTS UNDER OPERATING LEASES

The charity as lessee:

At 31 March 2017 the charity had total future minimum lease payments under non-cancellable operating leases as set out below:

	Land and Buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Amounts due				
Within 1 year	20,292	20,292	4,296	4,296
Between 2 to 5 years	27,056	47,348	846	2,874
	<u>47,348</u>	<u>67,640</u>	<u>5,142</u>	<u>7,170</u>

Leases related primarily to the charity's office buildings and office equipment.

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net movement in funds	(7,451)	(131,069)
Pension buy-out	-	245,116
	<u>(7,451)</u>	<u>114,047</u>
Add back depreciation	4,592	1,244
Deduct interest receivable	(2,151)	(3,124)
Increase / (decrease) in debtors	28,032	(27,078)
(Decrease) / increase in creditors	<u>(18,070)</u>	<u>16,980</u>
Net cash generated in operating activities	<u>4,952</u>	<u>102,069</u>

20. LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.

These unaudited financial statements have been subject to independent examination. See report on page 18.