

**Company Number: 02320712**  
**Charity Number: 800517**

# **Trustees' Report and Financial Statements**

## **For the year ended 31 December 2018**



**directory of social change**

**The Directory of Social Change is a registered charity and a company limited by guarantee**

**The Directory of Social Change**  
**Report and Financial Statements for the year ended 31 December 2018**

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## **Message from the Chair**

The uncertainty of the last year has done little to improve the operating environment for charities. Demand continues apace and we have not found a single or simple solution to the funding pressures our sector experiences. The Government and parliament have remained pre-occupied with, and some would say paralysed by, Brexit. However, we have been impressed by the resourcefulness of charities, and their passion and determination to continue to meet beneficiary need. DSC has played its part. Not just in flexing and adapting what we do to meet their ever-changing needs, but also being a voice of hope, encouragement and resilience for the sector.

In 2018 we continued to improve our digital footprint; build our expertise and develop more support regionally. Our work delivering finance and leadership training in partnership with the Association of English Cathedrals, resulted in our in-house training having the widest geographical reach in over five years, and meant we were able to provide face to face support to a wide breadth of organisations for the very first time.

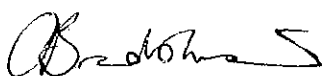
We launched a range of new and updated publications, courses and events during the year, including the second edition of Key Guides: Charitable Incorporated Organisations, opened with a foreword by Tracey Crouch MP, former Minister for Sport and Civil Society. 2018 also saw the introduction of our new Digital Conference, run in partnership with Reason Digital, which connected two of our strategic aims – extending our expertise and digital reach.

In the face of a political scene dominated by Brexit, we persisted with efforts to recover the money owed to the Big Lottery Fund, and had a number of parliamentary questions tabled by Labour Shadow Minister for Civil Society Steve Reed MP. We remained focussed on campaigning for the proper funding of the Charity Commission, without charging charities.

Our research team progressed further the extremely important work on Armed Forces charities, funded by the forward thinking Forces in Mind Trust. In this, the second year of our current grant, we launched two brand new reports: Focus On: Physical Health Provision, and Focus On: Housing Provision.

During the year one Trustee stepped down, and I would like to extend our heartfelt thanks to Alistair Mortimer for his hard work and commitment during his eight years of service. I am also delighted to welcome on to the Board Andrew Purkis, who brings a wealth of experience to both the Board, and has already contributed significantly to our campaign to prevent the Charity Commission from charging charities for their own regulation.

I will never tire of saying how proud the Board are of the effort of our staff, authors, associate trainers and volunteers. Nor will our gratitude for the support of our partners, funders and supporters that enable us to have the impact we do on the voluntary sector, diminish. In particular, we would like to thank the Jessa family whose unerring support, both financial and emotional, means a great deal to the whole DSC team.



**Caron Bradshaw**

**Chair**

**The Directory of Social Change**

## **Trustees' Report**

Welcome to the Trustees' Annual Report and Audited Financial Statements for the year ended 31 December 2018.

### **1. Achievements and Activities during 2018**

DSC's vision is 'An independent voluntary sector at the heart of social change'. In 2018 we continued to work towards our Strategic Objectives which underpin this vision:

- Equip voluntary sector organisations with high quality services and products that support them.
- Promote the value of a vibrant and diverse independent voluntary sector.
- Connect givers, influencers and social change makers.
- An independent DSC, financially robust in self-generated revenue.

Following a review in 2016, a plan was developed to increase DSC's reach in three core areas:

- **Regional:** by increasing the support provided to organisations outside of London in particular.
- **Expertise:** Through growing expertise and reaching more beneficiaries with specific and expert help.
- **Digital:** through online learning and provision of other information and support.

The activities delivered, which are outlined in the following sections, all contributed to DSC reaching over 35,000 beneficiaries in 2018.

#### **1.1 Regional**

DSC undertook a range of activities on 2018 that were either based in regions outside of London, or were specifically aimed at supporting the widest number of charities across England and Wales, irrespective of their geographical location.

##### **1.1.1 In house training**

DSC supported over 100 different organisations, delivering tailored in-house training to organisations including The Museums Associations, Reuse Network, Age UK and Anthony Nolan. As in 2017, the most popular subjects were in Management and Leadership, Finance and Law, Personal Development and Fundraising.

We also continued our partnership with the Association of English Cathedrals to deliver a tailored programme of training to the 42 Anglican Cathedral Chapters. Events have taken place across the country, with training days delivered in Manchester, Birmingham, Carlisle, Newcastle, Gloucester and Coventry, with more to follow into 2019.

##### **1.1.2 DSC Social Change Awards**

The DSC Social Change Awards are for all those working to achieve a positive change in society - individuals, charities, community groups, companies, and public bodies – representing the huge diversity of voluntary endeavour in the UK.

2018 saw the 11<sup>th</sup> Social Change Awards, with the ceremony taking place at the Cholmondeley Room in The House of Commons in December. The awards once again attracted high quality nominations from some fantastic charities and individuals; this year there were 114 entries for the six awards categories, and 5,178 votes were cast for the shortlisted nominees. The awards night

was opened by The Lord Dannatt, along with speeches from Debra Allcock Tyler (CEO at DSC), Caron Bradshaw (DSC Chair of Trustees) and Murtaza Jessa (Partner, Head of Charities at haysmacintyre).

The 2018 Social Change Award winners were:

*Influencer Award* - Sonal Sachdev Patel

*The Great Giving Funders Award* – Battersea Power Station Foundation

*The Lifetime Achievement Award* – Rosemary Burden OBE

*Rising Star Award* – Beth Rowland

*Everyday Impact: New Enterprises* – Smart Works Charity

*Everyday Impact: Long-term* – Glass Door Homeless Charity

### **1.1.3 Big Lottery Refund Campaign**

DSC continued to lead the Big Lottery Refund campaign, which has been ongoing since 2011 and is supported by over 4,000 charities. The campaign aims to get the government to pay back £425 million to the Big Lottery Fund (now the National Lottery Community Fund), which was the amount taken in 2007 to support the London 2012 Olympics.

During the year we corresponded with politicians including the new Civil Society Minister Mims Davies MP and Labour Shadow Minister for Civil Society Steve Reed MP about the campaign. Based on our campaign briefing, Steve Reed MP tabled a series of written parliamentary questions. We also kept up our efforts to highlight the campaign in the press.

### **1.1.4 Grants for Good campaign**

Grants for Good is a collaborative campaign DSC runs in partnership with Charity Finance Group, Children England, Clinks, Locality and the Lloyds Bank Foundation for England and Wales. The broad aims of the campaign are to reverse the decline in public sector grants for charities, and to support better grant-making practice by public bodies.

As part of the campaign we developed an online toolkit which campaign supporters could use to highlight key campaign asks in their own submissions to the Civil Society Strategy. In addition to making DSC's arguments about grants in our response to the strategy, we coordinated a paper from the campaign on 'Grants 2.0', highlighting the need for an increase in public sector grants and better grant-making practice by public bodies. Our efforts had an impact and the final strategy includes a section on Grants 2.0 reflecting some of our asks.

### **1.1.5 Campaign Against Charging Charities**

Successive cuts to the Charity Commission's budget remain a huge concern, which DSC has consistently highlighted since 2010. We believe the Commission needs to be adequately resourced to enable charity trustees to perform their duties effectively. However, current budgetary pressures have led to the Commission pushing to be able to charge charities for regulation, which DSC opposes.

During 2018 we continued to highlight the issue of lack of funding for the Commission's activities in our comments on the Spring Statement and Autumn Budget announcement, as well as in our submission to the Civil Society Strategy. DSC trustee Andrew Purkis wrote a detailed open letter to the new Charity Commission Chair Baroness Tina Stowell to explain why charging charities for their own regulation is a bad idea. The *Huffington Post UK* published a guest blog by Andrew on the same topic.

DSC will continue to push for greater and longer-term budget increases for the Commission and will continue to oppose charging charities. We will continue to work with other organisations that oppose charging and will engage with the Commission's consultation on charging charities if and when it finally materialises.

#### **1.1.6 Free content**

DSC continues to publish a large amount of free content from voluntary sector experts including DSC staff, trainers and authors. This typically takes the form of 'how to' guides, best practice, top tips, interesting research findings, and topical debate features in written, audio or video format that is distributed across DSC's (and external media's) extensive social media and other electronic channels.

We published approximately 142 free content articles in 2018. DSC e-news and DSC Policy Bulletins were read by 72,000 people in 2018, and @DSC\_Charity twitter followers stood at just over 16,000 followers at the end of the year.

#### **1.1.7 Library Facilities**

We have a bookshop and library at our Holloway Road, London office and in our Old Hall Street, Liverpool offices where reference can be made to any of our publications and access gained to our subscription websites free of charge while users are on the premises. 257 visitors took advantage of these facilities during 2018.

#### **1.1.8 Publications**

For those with severe mobility difficulties without access to a computer, we provide a free copy of our publication *The Guide to Grants for Individuals in Need*. Our website [www.grantsforindividuals.org.uk](http://www.grantsforindividuals.org.uk) can also be accessed free of charge by visitors to those public libraries that subscribe to the service, as well as in our own libraries.

Many of our directories and reference books are stocked by reference libraries and membership organisations to whom we provide licence arrangements to enable their visitors or members to gain access free of charge at their premises.

### **1.2 Expertise**

In 2018 DSC undertook a range of activities designed to connect either our own expertise or that of others in the sector, with the charities that most need it.

#### **1.2.1 Training Courses**

During 2018 we delivered over 140 public course dates supported by over 1,000 attendees. Our most popular subject areas continue to be Management and Leadership, Marketing and Communications, Finance and Law, Fundraising and Personal Development. In addition to our standard public course offering we also delivered a range of topical seminars on topics such as Safeguarding and Chief Executive Challenges.

#### **1.2.2 Conferences**

In 2018 we ran four conferences supported by over 600 attendees. Three of them were held in London at Resource for London, with the Charity Accountants' Conference held in Solihull.

In March we held a General Data Protection Regulation (GDPR) Conference in partnership with Russell-Cooke Solicitors. This one day conference delivered practical workshops on the topic of

GDPR, giving attendees the tools required to be prepared for when GDPR came into effect on the 25 May 2018.

Now in its 27<sup>th</sup> Year, the Charity Accountants' Conference was held in partnership with Sayer Vincent Chartered Accountants. Over the two days of this residential conference attendees heard keynote speeches delivered by top finance professionals in the sector, and received over nine hours of training in the areas of Tax, Legal and Governance, Strategic Financial Management, Personal Development and Risk.

The last event of the year was Fundraising Now Conference in November, delivering 40 practical sessions covering all areas of fundraising. These sessions were delivered by a range of highly experienced and high performing charity experts, fundraisers and fundraising organisations including Age UK, Association of Chairs, Fundraising Regulator, Nesta, Catsnake, Inclusive boards and Charity Finance Group.

### 1.2.3 Publishing

2018 saw the publication of eight new titles covering a range of topic areas. In March we published *Legacy and In-Memory Fundraising*, the second title in our revised Fundraising Series overseen by Professor Adrian Sargeant and Dr Claire Routley of Hartsook Centre for Sustainable Philanthropy at Plymouth University, and produced in partnership with the Institute of Fundraising. The guide drew on the combined knowledge and experience of 20 legacy fundraising experts. The spring also saw the publication of two of our specialist funding directories, *The Guide to Educational Grants 2018/19*, in association with the National Union of Students, and also *The Guide to Grants for Individuals in Need 2018/19*.

April saw publication of the second edition of *Key Guides: Charitable Incorporated Organisations* the only comprehensive guide to charitable incorporated organisations (CIOs) in the UK with a foreword by Tracey Crouch MP, former Minister for Sport and Civil Society. The new edition incorporated, among other updates, the procedural changes for direct conversion of charitable companies to CIOs from 2018 for England Wales and from 2016 for Scotland. We added a new title to our suite of "Key Guides" titles in October with *The Board Secretary's Handbook* to aid people carrying out this vitally important role in the governance of voluntary organisations.

In June we produced our annual look at newly registered grant-making charities with *The Guide to New Trusts 2018/19* in multiple formats. It included information on grant-makers established by individuals, families and a number of famous faces. In the autumn we published the 16<sup>th</sup> edition of our comprehensive guide to grant-funding with *The Guide to Major Trusts 2019/20* featuring grant-making charities with the capacity to award a combined total of £5.5 billion in funding.

Towards the end of the year we turned our attention to charity management and November saw the release of the first edition of *It's Murder in Management*, a no-nonsense and irreverent look at the challenges of a first management role by Debra Allcock Tyler, with illustrations by acclaimed cartoonist, Grizelda.

The full list of new print titles in 2018 in order of publication was:

- Legacy and In-Memory Fundraising – 4<sup>th</sup> edition
- The Guide to Educational Grants 2018/19
- The Guide to Grants for Individuals in Need 2018/19
- Charitable Incorporated Organisations – 2nd edition
- The Guide to New Trusts 2018/19

- The Guide to Major Trusts 2019/20 – 16th edition
- The Board Secretary's Handbook – 1st edition
- It's Murder in Management – 1<sup>st</sup> edition

#### 1.2.4 Media coverage during the year

DSC was mentioned in 115 articles across a range of charity sector and mainstream press this year. This was a decrease compared to 2017, when our research paper on Brexit and the future of EU funding for charities drove high levels of coverage.

We were asked to comment on a range of important policy issues, for example on the Charity Commission's Statement of Strategic Intent, the Chancellor's Spring Statement and Autumn Budget announcements, the use of 'gagging clauses' in government contracts, the Charity Commission's budget and the appointment of its new Chair. DSC's Chief Executive continued her monthly column in Third Sector Magazine, regularly receiving positive feedback and shares on social media.

#### 1.2.5 Policy and public affairs

During 2018 DSC continued to influence public policy by offering constructive but forthright feedback on numerous government proposals and issues that affect the sector's independence.

- Over the summer we worked on a substantive submission to the Office of Civil Society's consultation on the Government's Civil Society Strategy, collating numerous DSC policy positions into one document. We commented on the final strategy in the sector press and in multiple blogs on the DSC website.
- We responded to the Fundraising Regulator's consultation on changes to the structure and language of the Code of Fundraising Practice, conducted research to illustrate the impact of the Lobbying Act on charity campaigning with the Sheila McKechnie Foundation, and signed public letters opposing 'gagging clauses' in government contracts alongside Acevo and other representative bodies. The letter and reporting by the *Times* elicited a response from Prime Minister Theresa May confirming the right of charities to speak up.
- During 2018 DSC continued to focus on the Charity Commission, including a public critique of the selection of Baroness Tina Stowell as the new Charity Commission Chair. Informed by widespread concerns in the sector about the choice of a career politician to lead the regulator, DSC published a toolkit: *Three Pillars of Independence*, which contains practical questions to assess the independence of its decision-making moving forward.

With Brexit drawing ever closer, DSC highlighted the need for Government to secure the future of EU funding for charities, via blogs, articles, and the sector press. Our briefing work with Shadow Civil Society Minister Steve Reed MP on EU funding had an impact when he cited our EU funding research in his introductory letter to Mims Davies MP, the new Minister for Civil Society.

Throughout 2018 the sector continued to struggle with false and misleading narratives in the media and amongst politicians about what charities do and how they operate. To combat this, we developed #CharityFacts – a document containing key information and statistics to help charity workers, volunteers and trustees tackle common misconceptions. The document was mentioned in the sector press, shared on social media, and downloaded nearly a thousand times from DSC's website in the weeks following its release.

Over the year, DSC continued its typically outspoken commentary on many other issues through public speaking engagements, our E-newsletter, our Policy Bulletin, external articles and blogs, press releases, and increasingly via social media channels such as twitter.



We also worked to build strong relationships with colleagues across the sector, and attended meetings, roundtables and consultation events held by the Charity Commission, the Fundraising Regulator, Charity Finance Group, the Association of Charitable Foundations, Charities Aid Foundation, the National Council for Voluntary Organisations, Lloyds Bank Foundation for England and Wales, the National Association for Voluntary and Community Action, the Association of Chief Executives of Voluntary Organisations, UK Community Foundations, and the Small Charities Coalition.

### 1.2.6 Research on Armed Forces Charities

DSC's research into Armed Forces Charities continued during 2018, supported by the second year of a three-year grant received from the Forces in Mind Trust (FiMT). We published two new reports as part of this project: *Focus On: Physical Health Provision*, and *Focus On: Housing Provision*. Work also commenced on the upcoming *Focus On: Sector Trends* report, to be published in early 2019. These reports are now being used by charities and policy-makers across the Armed Forces Community, with increasing citations and exposure at events and in relevant networks.

1,350 reports have so far been downloaded from the project website [www.armedforcescharities.org.uk](http://www.armedforcescharities.org.uk) and our main website [www.dsc.org.uk](http://www.dsc.org.uk), with a further 400 printed reports distributed to key individuals. DSC also completely redeveloped and re-launched the project website early in the year, after extensive design, programming and testing work in 2017.

Our research on Armed Forces Charities is forging a reputation for DSC as a leading authority on the subject and it was heavily featured in the Ministry of Defence report *UK Armed Forces Charity Sector: A Summary of Provision*, published in autumn 2018. This was an indication of the growing readership and influence in relevant social networks of DSC's research in this area.

DSC also presented related research at the 2018 Voluntary Sector Studies Network (VSSN) academic conference, the inaugural FiMT Research Centre Conference, and to the Cobseo Housing Cluster. We have provided consultancy and data to senior members of the armed forces charities community. DSC researchers continue to develop strong relationships with Cobseo (The Confederation of Service Charities), Veterans Scotland and the charities which they represent.

### 1.2.7 Enquiries to DSC's Research Team

The DSC Research Team based in Liverpool maintains the data which drives our funding websites and produces a range of publications to guide and assist our beneficiaries with their fundraising. Team members have a wealth of knowledge and experience about funding for charitable causes and can respond to enquiries referred by other departments or directly from the public. During 2018 the team responded to enquiries concerning charity/CIC registration and development, governance, trusteeship, strategy, reviewing and providing guidance on funding applications, and, of course, sources of funding.

Examples range from advice about the legal and funding implications of establishing a Community Interest Company as opposed to a charity, to how to make good applications to grant-makers. Referrals from the Charity Commission are not uncommon. Members of the team respond directly to most of these enquiries or will signpost or suggest other relevant organisations to approach.

### 1.3 Digital

2018 saw DSC extend its digital reach in a number of areas, increasing the help that we are able to offer online, and delivering information support in formats that are easier to access for a range of our beneficiaries.

#### 1.3.1 Publishing

We further extended the number of titles available in dual platforms. The majority of our titles are now available digitally either as kindle titles through [amazon.co.uk](https://www.amazon.co.uk) or as viewable pdfs, mobi and epub formats through [www.dsc.org.uk](http://www.dsc.org.uk). And in 2018 we produced the following e-publications in digital formats (including pdf, Kindle and e-pub):

- Legacy and In-Memory Fundraising – 4th edition
- Charitable Incorporated Organisations – 2nd edition
- The Guide to New Trusts 2018/19
- The Board Secretary's Handbook – 1st edition
- It's Murder in Management – 1st edition

For our beneficiaries who may be sight impaired we provide our printed publications in scalable pdf format or mobile and e-pub formats to aid readability. Where they are not for sale on our website as part of our standard offering, they can be requested through our customer services department.

#### 1.3.2 Funding websites

Our subscription websites [trustfunding.org.uk](http://trustfunding.org.uk), [companygiving.org.uk](http://companygiving.org.uk), [grantsforindividuals.org.uk](http://grantsforindividuals.org.uk) and [governmentfunding.org.uk](http://governmentfunding.org.uk) have continued to attract large numbers of subscribers and provide invaluable information and analysis of sources of funding for many thousands of charity fundraisers. During the year we progressed work towards combining all of these powerful datasets onto one new platform [www.fundsonline.org.uk](http://www.fundsonline.org.uk) to be released in 2019.

Over the year there were:

311,350 visits to Trustfunding  
169,750 visits to Governmentfunding  
95,584 visits to Grantsforindividuals  
86,215 visits to Companygiving

#### 1.3.3 Digital conference

We developed and held our first *Charity Digital Conference*, which was delivered in partnership with the social enterprise Reason Digital. This one-day conference focused on the subject of digital transformation for charities, and focused on informing and tooling attendees with the information they need to take practical action in the area of digital technology in their charity.

#### 1.3.4 DSC website [www.dsc.org.uk](http://www.dsc.org.uk)

The user profile facility of our main website is an area where users register and set up their own space to download and store information including a range of free factsheets, downloadable publications, presentations, brochures and policy briefings. At the end of 2018 we had 9,428 users. Free downloads totalled 21,982 in the year.

### **1.3.5 An independent DSC, financially robust in self-generated revenue**

DSC continued to affirm its independence by generating 99.6% of its own funds in 2018 (2017 - 99.4%) although there was a decline in overall income of 5% to £1,884,884 from £1,981,894. This is despite the charitable sector as a whole being assailed by strong headwinds from financial, operational and reputational issues during the year.

Despite economic issues facing the UK (Brexit, low money market rates), DSC's historic defined benefit pension scheme again performed well, so that the deficit diminished by a further £5,392 (£4,583 in 2017). The 3-year renewal of the auto-enrolment pension scheme, drew in a higher proportion of staff than was enrolled when the scheme started three year earlier.

Throughout 2018 we continued to develop our new subscription funding website [www.fundsonline.org.uk](http://www.fundsonline.org.uk), and make preparations to launch in early 2019. The amount of additional work invested in this development during 2018 was £141,377, of which 70% was staff costs, so that taken with the work undertaken in 2017 (£53,523) and 2016 (£41,253) the overall investment has reached £236,153 by the end of the year. The website launched on 23<sup>rd</sup> January 2019, with the separate existing subscription websites continuing for a transition period while subscribers move across to the new platform. Alongside this substantial investment, development work continued with the proposed OnLine Training platform, and it is anticipated that this will be launched in spring 2019.

All these investments are made entirely from self-generated reserves, with the aim of increasing the reach of DSC to its beneficiaries online, regionally, and with specific expertise. It is anticipated that this substantial financial effort will enable us to keep up with the pace of technological advance which continues in all walks of life.

The reach via DSC's expertise is also evidenced in the increase in research income from £22,000 in 2017 to £74,000 in 2018, derived from a range of projects utilising different methods. For example, in June DSC successfully carried out an Organisational Strength Review for the small charity Green Corridor. In July we began an evaluation of grants to support mental health made by the Liverpool One Foundation, managed by the Community Foundation for Lancashire and Merseyside, which will conclude in 2019. In the autumn we produced a data analysis report for the Marine Society and Sea Cadets. Our growing track record provides a good basis to develop these research-income generating activities in the future.

## **2. Public Benefit**

The Charitable Company has complied with the guidance on public benefit requirement in accordance to Section 17 of the Charities Act 2011.

The Charity Commission in its "Charities and Public Benefit" Guidance requires that key principles be met in order to show that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit, and secondly the benefit must be to the public or a section of the public.

The Guidance lists "promoting the efficiency of other charities" as one of the examples of benefits to the public, and the objects of The Directory of Social Change include the promotion and advancement of education and the promotion of efficiency and efficacy of other charities. It achieves this through its educational publishing, courses, conferences, exhibitions and electronic

websites. In pursuing these objectives, the Trustees are mindful of and strive to achieve ways of minimising the impact of its activities and products on the environment.

Although DSC aims principally to serve the charity sector, we also provide services to the wider not-for-profit sector and grade our level of charges specifically so as to remain affordable to smaller charities with limited resources.

In addition, we continued to make a number of facilities available free to our beneficiaries during the year.

### **2.1 Free content**

DSC continues to publish a large amount of free content from voluntary sector experts including DSC staff, trainers and authors. This typically takes the form of 'how to' guides, best practice, top tips, interesting research findings, and topical debate features in written, audio or video format that is distributed across DSC's (and external media's) extensive social media and other electronic channels.

We published approximately 142 free content articles in 2018. DSC e-news and DSC Policy Bulletins were read by 72,000 people in 2018, and @DSC\_Charity twitter followers stood at just over 16,000 followers at the end of the year.

### **2.2 Library Facilities**

We have a bookshop and library at our Holloway Road, London office and in our Old Hall Street, Liverpool offices where reference can be made to any of our publications and access gained to our subscription websites free of charge while users are on the premises. 257 visitors took advantage of these facilities during 2018.

### **2.3 Publications**

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Many of our directories and reference books are stocked by reference libraries and membership organisations to whom we provide licence arrangements to enable their visitors or members to gain access free of charge at their premises.

For our beneficiaries who may be sight impaired we provide our printed publications in scalable pdf format or mobile and e-pub formats to aid readability. Where they are not for sale on our website as part of our standard offering, they can be requested through our customer services department.

### **2.4 Enquiries to DSC's Research Team**

DSC team members in Liverpool have a wealth of knowledge and experience about funding for charitable causes and can respond to enquiries referred by other departments or directly from the public. During 2018 the team responded to enquiries concerning charity/CIC registration and development, governance, trusteeship, strategy, reviewing and providing guidance on funding applications, and, of course, sources of funding.

Examples range from advice about the legal and funding implications of establishing a Community Interest Company as opposed to a charity, to how to make good applications to grant-makers.

Referrals from the Charity Commission are not uncommon. Members of the team respond directly to most of these enquiries or will signpost or suggest other relevant organisations to approach.

## **2.5 Website [www.dsc.org.uk](http://www.dsc.org.uk)**

The user profile facility of our main website is an area where users register and set up their own space to download and store information including a range of free factsheets, downloadable publications, presentations, brochures and policy briefings. At the end of 2018 we had 9,428 users. Free downloads totalled 21,982 in the year (not including “Look Insides”).

## **3. Regulatory and Administrative Details**

### **3.1 Regulatory Compliance Statements**

The Directory of Social Change is registered as a company limited by guarantee (without share capital) no. 02320712 and as a charity no. 800517. The principal office address, which is also the Registered Office, is at 352 Holloway Road, London N7 6PA.

The Trustees are also the Directors of the Charitable Company for the purposes of the Companies Act. The Trustees in presenting their annual report and financial statements for the year ended 31 December 2018 for the Charitable Company confirm that they comply with the current statutory requirements, the requirements of the Charitable Company’s governing document and the provisions of the Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” (effective 1 January 2017) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

### **3.2 Who we are**

Established in 1975, The Directory of Social Change (DSC) campaigns for an independent voluntary and community sector. DSC is the largest provider of information and training to the UK voluntary and community sectors.

The main activities of the organisation include:

- Championing the needs of small and medium voluntary sector organisations
- Providing practical training courses
- Running conferences, seminars and fairs
- Researching and publishing reference guides and handbooks
- Providing subscription websites: [trustsfunding.org.uk](http://trustsfunding.org.uk), [governmentfunding.org.uk](http://governmentfunding.org.uk), [grantsforindividuals.org.uk](http://grantsforindividuals.org.uk) and [companygiving.org.uk](http://companygiving.org.uk)
- Campaigning on issues that affect the voluntary sector
- Publishing valuable free content pieces across social media and electronic channels

Visit our website for more information at [www.dsc.org.uk](http://www.dsc.org.uk)

### **3.3 Where we are**

We have an office in London and one in Liverpool.

### **3.3.1 The London office**

352 Holloway Road  
London N7 6PA  
Tel: 020 7697 4200  
E-mail: [cs@dsc.org.uk](mailto:cs@dsc.org.uk)  
Website: [www.dsc.org.uk](http://www.dsc.org.uk)

### **3.3.2 The Liverpool office**

Suite 103  
1 Old Hall Street  
Liverpool L3 9HG  
Tel: 0151 708 0136  
E-mail: [research@dsc.org.uk](mailto:research@dsc.org.uk)

### **3.4 Trustees:**

The following individuals acted as Trustees throughout the year except where otherwise stated:

Caron Bradshaw Chair	Chief Executive, Charity Finance Group
Andrew Garnett	Chief Executive, The Garnett Foundation
Alistair Mortimer, Resigned 4 Oct 2018	Vice President, Service Strategy, Network Services, Bank of America Merrill Lynch
Lesley Thornley,	Chief Executive, Hull & East Riding Citizens Advice Bureau
William Butler	Third Sector Consultant
Emily Hughes	Head of Quality, Girlguiding
Phyllida Perrett	Strategic Development Director, Prospects Services
Andrew Purkis Appointed 30 April 2018	Third Sector Consultant, Vice Chair Action Aid International, Trustee Safe Passage International and Blogger

### **3.5 Chief Executive, Company Secretary and Senior Management:**

Chief Executive:	Debra Allcock Tyler
Company Secretary:	John M de C Hoare

The Senior Leadership Team during 2018 comprised:

Debra Allcock Tyler	Chief Executive
Ben Wittenberg	Director of Development and Delivery
Jay Kennedy	Director of Policy and Research
Chibuzo Okpala	Interim Director of Finance
John Wallace	Director of Operations (until 24 August 2018)
Annette Lewis	Interim Director of Operations (from 25 August 2018)

### **3.6 Auditors, Bankers and Solicitors**

#### **Auditors:**

Haysmacintyre LLP  
10 Queen Street Place  
London EC4R 1AG

#### **Bankers:**

National Westminster Bank Plc  
PO Box 224  
9 The Broadway  
Stanmore  
Middlesex HA7 4XW

National Westminster Bank Plc  
6 Grange Road West  
Charing Cross  
Birkenhead  
Merseyside CH41 4DF

#### **Solicitors:**

Bates Wells & Braithwaite London LLP  
2 - 6 Cannon Street  
London EC4M 6YH

## **4. Structure, Governance and Management**

### **4.1 Governing Document and Constitution**

The Directory of Social Change is registered as a company limited by guarantee (without share capital) and as a charity, its governing instrument is its Memorandum and Articles of Association last revised on 15th December 2004. All the Members of the Charitable Company are Trustees and undertake to contribute to its assets in the event of it being wound up while s/he is a member, such amount as may be required not exceeding £1. All the Trustees are also Directors of the Charitable Company for the purposes of the Companies Act.

### **4.2 Trustees Appointment, recruitment, training and induction**

All Trustees are unremunerated and are voluntary. Trustees are appointed by resolution of the Trustees. At each Annual General Meeting one-third of the Trustees are subject to retirement by rotation but may offer themselves for re-election. No person other than a Trustee retiring by rotation may be appointed or re-appointed a Trustee at any general meeting of Trustees unless he or she is recommended by the Trustees.

In 2018 we advertised, as well as put on our website, the need to appoint a new trustee following resignations of Trustees in 2017. Short listed candidates were interviewed by the Chair and another Trustee where possible. The Chief Executive attended interviews as an observer. All existing Trustees were consulted on the final selection before appointment.

There is a defined procedure for the induction of Trustees, which includes the provision of a detailed information pack upon each appointment. This covers introduction to fellow Trustees, the leadership team and staff with organisation chart; Memorandum and Articles of Association; the history of the organisation, its objectives and policies, its work and products; recent Trustees minutes of meetings; the latest audited Trustees Report and Financial Statements; information on the role and responsibilities of a Trustee.

Training of Trustees is given on new legislative issues affecting charity trustees and directors as needed. As a training organisation Trustees also have the right to attend any of DSC's courses as part of their duties to ensure that products being offered are within the objects of the organisation and of appropriate quality.

#### **4.3 Organisation Structure and decision making**

A voluntary Board of Trustees is responsible for the overall management and direction of the Charitable Company. The Board meets four times a year and at any other time as circumstances dictate.

A Senior Leadership Team meets monthly and reports to the Trustees. The members of the group are shown under section 3.5 above. The day to day running of the charity is delegated to the senior leadership team.

#### **4.4 Relationships with other charities, organisations and individuals**

We work with a very wide range of organisations. We are very grateful to all the following partners and sponsors for their support during 2018:

ACEVO  
Association of English Cathedrals  
Centre for Cities  
Charity Commission for England and Wales  
Charity Finance Group  
Children England  
Citizens Advice Hull and East Riding  
Civil Society Media  
Clinks  
Cobseo  
Community Foundation for Lancashire and Merseyside  
Forces in Mind Trust (FiMT)  
Green Corridor  
In Kind Direct  
Institute of Fundraising (IoF)  
Institute of Leadership and Management (ILM)  
Liverpool One Foundation  
Lloyds Bank Foundation for England and Wales  
Locality  
London School of Economics  
Marine Society and Sea Cadets  
National Association for Voluntary and Community Action  
National Council for Voluntary Organisations  
National Union of Students  
Office for Civil Society  
Office of the Scottish Charity Regulator  
Reason Digital  
Resource for London  
Russell-Cooke  
Sayer Vincent



Seafarers UK  
Shyrose Jessa  
Small Charities Coalition  
Technology Trust  
Third Sector  
University of Plymouth  
UpriseUP  
Veterans Scotland

#### **4.5 Governance Code**

The Governance Code for charities, the latest edition of which was published in July 2017, has been drawn up by a Steering Group of 3<sup>rd</sup> Sector umbrella organisations and Professional Institutes and sets out seven basic governance principles to which all charities should aim to adhere. These principles cover organisational purpose, leadership, integrity, decision making risk and control, Board effectiveness, diversity and openness and accountability.

The Board of Trustees believe that adherence to this code and monitoring its performance against it is an important part of effective governance. To that end during 2018 the Board reviewed its performance against the 7 principles in the code. They were satisfied with their performance in 6 out of the 7 principles but identified diversity and inclusion as an area where performance could be improved. Subsequently they arranged for a diversity and inclusivity consultant to conduct training with the Board out of which they identified some actions for the future. The Board is committed to ensuring that it operates at the highest standards in relation to these principles and will review its performance on a regular basis going forward.

#### **4.6 Risk**

We monitor risk on an ongoing basis and periodically undertake a formal risk review.

Current areas of potential risk continue to include the following:

DSC's customer base being vulnerable to fluctuating funding patterns  
Decline in print buying  
IT Systems outage or collapse  
Office space being unavailable  
Suppliers' insolvency

Actions taken to mitigate these risks are:

Plans in place to quickly respond to the short-term nature of order and bookings patterns  
Further development of on-line offerings  
Offsite hosting of websites in multiple data centres, so if one server goes down another is brought online; all critical data is backed-up offsite.  
A Disaster Recovery Plan has been prepared  
Back-up plans are in place

A full re-appraisal of risk management was last completed at the end of 2016 and adopted in early 2017, taking account of the Charity Commission Guidance document "Charities and Risk Management" (CC26). The appraisal covers not only operational risks, but also identified and emerging risks. It maps the risks specific to the charitable company against a heat map with a

points scoring system, to identify the degrees of risk faced with an assessment of the probability of each such risks arising.

On matters of emerging risks: These might include matters such as failure or poor performance of a specific product; damage to reputation from a specific instance of poor delivery or customer service, or a failed partnership that damages reputation or ability to deliver other services.

Actions taken to mitigate these risks are:

Risk management has been integrated into our monthly management reporting, with a clear assessment and escalation process. Managers are now accountable for risks in their own areas of the business. Following the monthly management reports, discussions about mitigating action with regard to any risk needing attention will take place either at the Leadership Team meeting, or with the relevant Senior Leader.

Major and urgent risks: Risks that emerge or occur quickly will be assessed against the same impact and likelihood scores and referred immediately (along with a planned response where appropriate) to the relevant member of the senior leadership team.

Risks are reviewed by the Trustees from time to time to reflect the need to keep particular items under review, but also to respond to new or existing risks that are given public prominence concerning charities generally.

## **5. Finance Review**

In 2018 we again generated 99% (2017 – 99%) of our own incoming resources. This income is generated through the sales of our books, websites, training, research services and events.

Overall charitable income in 2018 was £1,884,884 compared to £1,981,894 in 2017, a decrease of 5% (compared to a 20.5% decrease in 2017, from 2016). This was as a result of decreases in training income of 4% and publications of 14%, but research income increased to £56,642 in the year from £22,000 in 2017.

Expenditure has increased to £2,052,135 compared to £2,029,866 in 2017 (2017 a reduction from £2,248,429 in the previous year). This is due to the increase in staffing costs of £65,963 in 2018 offset in part by savings on other costs in the year

The increased competitiveness within the training environment, as well as financial restrictions on charities' training budgets as the economic belt-tightening increases, has continued to adversely impact on DSC's income in 2018, as indeed it did in 2017. Over much of the year, training income was below budgeted and forecast level. Brexit has had and is continuing to have its impact, with uncertainties over the level of grants and income that the overall charity sector will be able to attract after 12th April 2019, with everyone working on the assumption that the UK leaves the European Union.

A factor affecting performance was the further delay in the development of the funding website subscription portal. This was originally planned for June 2017, but was intentionally delayed to 2018. However, the third-party web developer had to withdraw during 2018 due to what they came to realise were requirements beyond their skills set. A replacement developer was retained. This meant that the launch had to be delayed until 23 January 2019.

There were also technical problems when it came to loading material onto the On-Line Learning portal, so that instead of a launch date in summer 2018, this is now expected to go live during the late spring or early summer of 2019.

The Forces in Mind (FiMT) activity continued in accordance with the three year project agreed with them. The whole grant income was accounted for in 2016 with a balance of £441,696 available to spend down over 3 years from 2017 to 2019. £164,213 of costs in the year were attributed to delivery of the FiMT project (2017 £128,328).

Further grant income from other providers was received in 2018 amounting to £40,600 (2017 None). These projects were completed during the year with the funds being fully accounted for in 2018. (2017 no equivalent).

We are bidding for additional grant funded business, which is expected to make a contribution in 2019.

There was a 34% decrease in net assets (working capital) in the year of £149,675 (2017 2% decrease of £24,800). This is only to be expected given the extent of the investment in the funding website and the On-Line Learning portal. There was also a 21% decrease of £14,195 in the cash balance at the end of the year (2017 19% decrease of £15,532). A regime of rigorous cash management planning and oversight is implemented by management, with daily bankings being closely monitored. Daily bankings have always been a good measure of the forward health of the activities of the charitable company, and it is noted that these continue to hold up well.

### **5.1 DSC Earned Income**

We continue to work closely with a wide range of individuals and organisations, while at the same time ensuring that we are not financially dependent on any single funder, purchaser or provider for our operational programme. DSC received donations of £6,007 in 2018 (2017 - £10,500).

Our financial structure enables us to continue to be independent, flexible and free to comment without fear or favour. This is a core value for DSC.

### **5.2 Remuneration Policy**

The overall policy on remuneration within DSC is as follows:

- Trustees are voluntary and not remunerated. Out-of-pocket expenses paid to Trustees are shown as part of Note 5 to the Financial Statements.
- The remuneration of the Chief Executive Officer is specifically agreed by the Trustees following a performance assessment and recommendation by the Chair to the Trustees. The Chief Executive's salary is determined in line with the pay policy for all DSC staff.
- Staff remuneration is reviewed as an important but separate element of the annual budget process.

Each year the salary budget for the ensuing year is considered at a Trustees Board Meeting based on proposals put forward by the Senior Leadership Team and takes account of the cost of living, individual performance assessments and the need to retain the most appropriate staff for each post in the expected economic climate for the ensuing year. DSC has a clear and concise salary policy.

### **5.3 Reserves**

The Trustees have decided to adopt some of the recommendations in Charity Finance Group's report 'Beyond Reserves'.

Currently when determining the reserves position for the forthcoming year the Board considers whether the resources available for use in the planned activities of the charitable company within the year are sufficient before determining what should be the appropriate level of reserves for that particular year. During 2018 the Trustees considered that the reserves were adequate.

The Board also considers the reserves position of the charitable company on a quarterly basis when reviewing the management accounts with an analysis of the results by activity and the forecast results for the coming quarters; together with a review of management of debtors, statistical management indicators and cash flow analysis and forecasts.

The Board is pleased to note that despite the substantial investment in electronic work-in-progress on subscription websites and online training, the unrestricted general funds were only depleted by £3,038 in the year (2017 increase of £80,356) to stand at £189,593 at the year-end (2017 £192,361). Unrestricted reserves now represent 56% of the total reserves (2017 38% of total reserves).

In any one year, we may earmark Unrestricted General Funds for a particular project or to use as Designated Funds. The reasons for the setting up of such funds, the policy for any transfers between funds, and allocation to or from designated funds, will be stated in the notes to the accounts.

Funds are designated to an amount equal to the sum represented by the net book value of Fixed Assets comprising leasehold improvements, furniture and fittings and computer equipment. At 31 December 2018 these Designated Funds amounted to £4,431 (2017 - £9,697). Our Designated Funds are reviewed annually.

The Restricted Funds represent the residual value of the grant funds received but expected to be expended during 2019, the remaining period of the grant funded project.

Although the Trustees have felt that the current policy of managing resources generally rather than just reserves in isolation is the right course to adopt in the current economic climate, a decision has been made to re-address this policy during 2019 including the ongoing level of reserves required.

It is not anticipated that DSC will have any problems in meeting its commitments under restricted funds.

### **5.4 Investment Policy and Performance**

At the Balance Sheet date, the charitable company only held cash investments. Even with the increase in Bank of England base rate from 0.5% to 0.75% in August 2018, the continuing national policy of holding rates at such a low level means that it is not viable to manage the movement of funds between current and investment accounts. All funds during 2018 were held on current account. Income generated in 2018 amounted to £57 (2017 - £14).

### **5.5 Fundraising**

The charitable company has not made any fundraising appeals to the general public during the year, and is unlikely to do so in the future. Fundraising focusses on securing grants and donations

from registered charities and business links. There has been no outsourced fundraising via professional fundraisers or other third parties. Consequently, the charitable company is not registered with the Fundraising Regulator and received no fundraising complaints in the year.

### **5.6. Restricted Funds**

To the extent that Restricted Grants are liable to be returned to Grant Providers where they are unspent and it is not intended that they be spent, there was no grant due to be returned at 31 December 2018 (2017 - Nil).

## **6. Strategic Report - Plans for the Future**

During the year the Trustees and Senior Leadership Team had a Strategy Away Day to review the strategy set in 2016. This strategy focused on increasing DSC's reach, specifically;

- Online, through online learning and provision of other information and support
- Regionally, by increasing the support provided to organisations outside of London in particular
- Through growing expertise, and reaching more beneficiaries with specific and expert help.

At the annual Strategy Away Day in October 2018, the Trustees and the Senior Leadership Team considered changes in the Charity sector's operating environment and the impact of ongoing national issues like Brexit and national government policies. The conclusion was that the strategy agreed in 2016 was still relevant and would enable DSC to continue to serve its beneficiaries in a time of great uncertainty. Notwithstanding that, the trustees felt that a deep analysis of DSC's work, beneficiary base and activities would help to inform the future, and instructed the Executive to carry out a review called Project Fresh Look. This is due to be completed mid-2019.

A headline three-year budget and outline plan was developed, with significant focus on the coming year, based on the understanding that the needs of DSC's beneficiaries could change considerably following implementations of Brexit and national government policy.

## **7. Statement of Trustees Responsibilities**

The Trustees (who are also directors of The Directory of Social Change for the purposes of company law) are responsible for preparing the Trustees' 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 which 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 these 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;

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and 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 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

## **8. Auditors**

The auditors, Haysmacintyre LLP will be reappointed in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on **30<sup>th</sup> April 2019** and signed on their behalf, by:



**Emily Hughes**  
Trustee



**Andrew Purkis**  
Trustee

**Independent Auditors' Report to the Members of the Directory of Social Change**

**Opinion**

We have audited the financial statements of The Directory of Social Change for the year ended 31 December 2018 which comprise of the primary statements such as the Statement of Financial Activities, Balance Sheet, Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Independent Auditors' Report to the Members of the Directory of Social Change (continued)**

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Conclusions relating to going concern**

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

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.



**The Directory of Social Change  
Report and Financial Statements for the year ended 31 December 2018**

**Independent Auditors' Report to the Members of the Directory of Social Change (continued)**

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

**Use of our report**

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



Anna Bennett (Senior Statutory Auditor)

10 Queen Street Place

For and on behalf of Haysmacintyre LLP, Statutory Auditors

London

Date: 30/4/2019

EC4R 1AG

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating income and expenditure account)  
For the year ended 31 December 2018

	Note	Restricted Funds 2018 £	Unrestricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
<b>INCOME FROM</b>					
Donations and legacies	2	-	6,007	6,007	10,500
Charitable activities	3				
<i>Training and events</i>		-	779,441	779,441	817,270
<i>Publications</i>		40,600	1,058,779	1,099,379	1,154,110
Investments		-	57	57	14
<b>Total income</b>		<b>40,600</b>	<b>1,844,284</b>	<b>1,884,884</b>	<b>1,981,894</b>
<b>EXPENDITURE ON</b>					
Charitable activities	4				
<i>Training and events</i>		-	943,982	943,982	967,354
<i>Publications</i>		204,813	903,340	1,108,153	1,062,512
<b>Total expenditure</b>		<b>204,813</b>	<b>1,847,322</b>	<b>2,052,135</b>	<b>2,029,866</b>
<b>Net income</b>		<b>(164,213)</b>	<b>(3,038)</b>	<b>(167,251)</b>	<b>(47,972)</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>(164,213)</b>	<b>(3,038)</b>	<b>(167,251)</b>	<b>(47,972)</b>
Total funds at 1 January 2018		313,641	192,631	506,272	554,244
<b>Total funds at 31 December 2018</b>	19	<b>£149,428</b>	<b>£189,593</b>	<b>£339,021</b>	<b>£506,272</b>

The notes on pages 29 - 45 form part of these financial statements. All amounts are from continuing activities.

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

All amounts derive from continuing activities.

Full comparative figures for the year ended 31 December 2017 are shown in note 24.

**The Directory of Social Change**  
**Report and Financial Statements for the year ended 31 December 2018**

**BALANCE SHEET**

Company limited by guarantee  
As at 31 December 2018

Company Number: 02320712

Charity Number: 800517

		2018		2017	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	10		4,431		9,697
Intangible assets	11		76,956		97,019
			<u>81,387</u>		<u>106,716</u>
<b>CURRENT ASSETS</b>					
Stock	12	678,711		497,725	
Debtors	13	241,986		469,899	
Cash at bank		53,716		67,911	
		<u>974,413</u>		<u>1,035,535</u>	
<b>CURRENT LIABILITIES</b>					
Creditors: amounts falling due within one year	14	(679,678)		(591,125)	
<b>NET CURRENT ASSETS</b>			294,735		444,410
Creditors: amounts falling due after more than one year	14		(37,101)		(44,854)
<b>NET ASSETS</b>	19		<u>£339,021</u>		<u>£506,272</u>
<b>CHARITABLE COMPANY FUNDS</b>					
Restricted funds	18		149,428		313,641
Unrestricted – designated funds	17		4,431		9,697
Unrestricted – general funds	17		185,162		182,934
			<u>£339,021</u>		<u>£506,272</u>

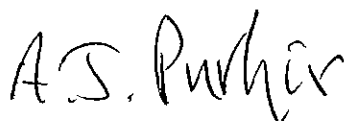
The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The notes on pages 29 - 45 form part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on **30th April 2019** and were signed below on their behalf by:



**Emily Hughes**  
Trustee



**Andrew Purkis**  
Trustee

**The Directory of Social Change**  
**Report and Financial Statements for the year ended 31 December 2018**

**STATEMENT OF CASH FLOWS**  
**FOR YEAR END 31 DECEMBER 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>	<b>a)</b>	<u>29,810</u>	<u>(13,672)</u>
<b>Cash flows from investing activities</b>			
Interest income		57	14
Purchase of tangible assets		-	(1,874)
Purchase of intangible assets		(44,062)	-
<b>Cash provided by (used in) investing activities</b>		<u>(44,005)</u>	<u>(1,860)</u>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		(14,195)	(15,532)
Cash and cash equivalents at the beginning of the year		67,911	83,443
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<u>£53,716</u>	<u>£67,911</u>
<b>a) Net Income (expenditure) for the year</b>		(167,251)	(47,972)
Depreciation charges and amortisation		69,391	64,826
Dividends and interest from investments		(57)	(14)
Loss/(profit) on the sale of fixed assets		-	-
(Increase)/decrease in stock		(180,986)	(77,276)
Decrease/(increase) in debtors		227,913	148,404
(Decrease)/increase in creditors		80,800	(101,640)
<b>Net cash generated/(used) in operating activities</b>		<u>£29,810</u>	<u>£(13,672)</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

### **1. ACCOUNTING POLICIES**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### **Statement of compliance**

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 and Republic of Ireland (FRS 102) (effective 1 January 2017) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Directory of Social Change meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### **Company Status**

The Directory of Social Change is registered as a company limited by guarantee (without share capital) no. 02320712 and a charity no. 800517. Its governing instrument is its memorandum and articles of association. The members of the charitable company are the trustees named on page 14. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company. The Charity's registered office is 352 Holloway Road, London, N7 6PA.

#### **Preparation of accounts on a going concern basis**

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

#### **Significant judgements and sources of examination uncertainty**

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charity's accounting policies. The key judgements that have been applied by management relate to:

- Depreciation and amortisation rates used;
- The overhead rate used when calculating a value for work in progress; and
- A discount rate of 1.39% (previously 2.5%) has been used to calculate the present value of pension provision.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

### 1. ACCOUNTING POLICIES (continued)

#### **Income**

All income is recognised once the charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.

#### *Donations and legacies*

Donations and gifts are included in full in the Statement of Financial Activities when there is entitlement, probability of receipt and the amount of income receivable can be measured reliably.

#### *Gifts in kind*

Gifts in kind represent assets donated for distribution or use by the charity. Assets given for distribution are recognised as income only when distributed. Assets given for use by the charity are recognised when receivable. Gifts in kind are valued at the amount actually realised from the disposal of the assets or at the price the charity would otherwise have paid for the assets.

#### *Grants*

Grants are recognised in full in the statement of financial activities in the year in which the charity has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt.

#### *Income from charitable activities*

Income from charitable activities is recognised as earned as the related services are provided. Income from other trading activities is recognised as earned as the related goods are provided.

#### *Investment income*

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

#### **Expenditure**

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. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities comprises of expenditure associated with training and events, publications and dissemination of information.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**1. ACCOUNTING POLICIES (continued)**

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Expenditure allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead support costs and are apportioned based on staff time as follows:

- Training and events: 46%
- Publications and dissemination: 54%

**Allocation of costs**

Staff costs are allocated between direct charitable expenditure and support costs based on the time spent on these activities. Other costs are allocated directly to the relevant heading.

**Operating leases**

Rental charges are charged on a straight-line basis over the life of the lease.

**Intangible Fixed Assets**

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible fixed assets are amortised over the following useful economic lives:

- Software development costs 4 years

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**1. ACCOUNTING POLICIES (continued)**

**Tangible fixed assets**

Fixed assets are stated at cost or deemed cost (donated valuation at estimated fair value) less accumulated depreciation and impairment losses. Assets costing more than £500 are capitalised.

Depreciation is calculated to write off the costs of the fixed asset by equal instalments as follows, all straight line:

Leasehold improvements	41 months, straight line (the life of the lease)
Furniture, fittings and equipment	5 years straight line
Computer equipment	4 years straight line

**Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

*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 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 after allowing for any trade discounts due.

*Debtors*

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

*Cash at bank and in hand*

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**1. ACCOUNTING POLICIES (continued)**

**Stock**

Stocks are valued at the lower of cost and net realisable.

*Publications*

Book stocks and work in progress on forthcoming books are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes, in the case of books and publications produced by the charitable company, production costs and applicable overheads as reduced by the amount of any grant receivable; in the case of books bought in from other publishers purchase cost only is included. A provision has been made for slow-moving items on the basis of expected future sales.

*Subscription websites*

The work in progress relates to the subscription websites for re-saleable items. Cost includes staff costs and associated overheads, which are amortised over the annual life of the subscriptions. This is continued on a rolling basis as the subscription websites are continually updated.

*Electronic work-in-progress*

The Work-in-Progress relates to work on the new Funding Online website, live streaming work, and work for on-line learning. Cost includes staff costs, associated overheads and third-party supplier costs as incurred for these developments. Once live these will be amortised over 4 years.

**Funds**

Unrestricted funds are donations and other income receivable or generated for the objects of the charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are those funds which are to be used in accordance with specific instructions imposed by the donor or trust deed.

**The Directory of Social Change**  
**Report and Financial Statements for the year ended 31 December 2018**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**1. ACCOUNTING POLICIES (continued)**

**Employee benefits**

*Short term benefits*

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

*Employee termination benefits*

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

*Pension scheme*

The Directory of Social Change operates a defined benefit pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of The Directory of Social Change in an independently administered fund.

The pensions costs charged in the financial statements represent the contributions payable during the year. There was also a defined benefit pension scheme which was closed to new contributions on 30 September 2013. Further information is provided in note 9.

**2. DONATIONS AND LEGACIES**

	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
Donations	<b>£6,007</b>	<b>£10,500</b>

**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Total Funds 2018 £</b>	<b>Total Funds 2017 £</b>
Training and events	<b>779,441</b>	<b>817,270</b>
Publications and dissemination of information	<b>1,099,379</b>	<b>1,154,110</b>
<b>Total</b>	<b>£1,878,820</b>	<b>£1,971,380</b>

See note 17 for details of movements in restricted funds.

Income from publications and dissemination of information includes grant income of £40,600 (2017: NIL) relating to research projects:

Community Foundation for Lancashire and Merseyside - £35,000 - to evaluate the Liverpool ONE fund multi-channel grant programme.

Green Corridor - £5,600 – Organisational Strength Review

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**4. ANALYSIS OF EXPENDITURE**

	<b>Staff Costs £</b>	<b>Depreciation £</b>	<b>Other Costs £</b>	<b>Support Costs £</b>	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Training and events	<b>461,134</b>	<b>2,422</b>	<b>324,738</b>	<b>155,688</b>	<b>943,982</b>	<b>967,354</b>
Publications and Dissemination of information	<b>541,331</b>	<b>2,844</b>	<b>381,213</b>	<b>182,765</b>	<b>1,108,153</b>	<b>1,062,512</b>
<b>Total</b>	<b><u>£1,002,465</u></b>	<b><u>£5,266</u></b>	<b><u>£705,951</u></b>	<b><u>£338,453</u></b>	<b><u>£2,052,135</u></b>	<b><u>£2,029,866</u></b>

**ANALYSIS OF EXPENDITURE (2017)**

	<b>Staff Costs £</b>	<b>Depreciation £</b>	<b>Other Costs £</b>	<b>Support Costs £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Training and events	<b>386,246</b>	<b>4,123</b>	<b>331,860</b>	<b>245,125</b>	<b>967,354</b>	<b>1,004,736</b>
Publications and Dissemination of information	<b>580,093</b>	<b>4,839</b>	<b>189,825</b>	<b>287,755</b>	<b>1,062,512</b>	<b>1,243,693</b>
<b>Total</b>	<b><u>£966,339</u></b>	<b><u>£8,962</u></b>	<b><u>£521,685</u></b>	<b><u>£532,880</u></b>	<b><u>£2,029,866</u></b>	<b><u>£2,248,429</u></b>

The staff costs for each expenditure type shown above comprise the staff costs from each charitable activity, together with the staff costs allocated to activities as part of governance costs and support costs as detailed in Notes 5 and 6 respectively.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

## 5. GOVERNANCE

	Total 2018 £	Total 2017 £
Staff costs	32,404	31,646
Other costs	10,573	10,746
Audit and accountancy	22,216	17,050
Total	<u>£65,193</u>	<u>£59,442</u>

During the year, no Trustees received any remuneration (2017: £Nil).

During the year, no Trustees received any benefits in kind (2017: £Nil).

During the year 2 Trustees were reimbursed £549 for out-of-pocket expenses for travel and subsistence (2017: 2 Trustees reimbursed £355).

## 6. SUPPORT COSTS ALLOCATED TO ACTIVITIES

	Staff Costs £	Office Costs £	Premises Costs £	Governance Costs £	Total 2018 £	Total 2017 £
Training and events	45,080	60,921	19,698	29,989	155,688	£245,125
Publications and dissemination of information	52,920	71,516	23,124	35,204	182,765	£287,755
Total	<u>£98,000</u>	<u>£132,437</u>	<u>£42,822</u>	<u>£65,193</u>	<u>£338,453</u>	<u>£532,880</u>

### SUPPORT COSTS ALLOCATED TO ACTIVITIES 2017

	Staff Costs £	Office Costs £	Premises Costs £	Governance Costs £	Total 2017 £	Total 2016 £
Training and events	46,261	150,948	20,573	27,343	245,125	220,520
Publications and dissemination of information	54,306	177,200	24,150	32,099	287,755	258,870
Total	<u>£100,567</u>	<u>£328,148</u>	<u>£44,723</u>	<u>£59,442</u>	<u>£532,880</u>	<u>£479,390</u>

Support costs are the costs of central management. These costs are apportioned to activities based on total direct costs.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

<b>7. NET INCOME FOR THE YEAR</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charitable company	5,266	8,962
Amortisation of intangible fixed assets	64,125	55,864
Auditors' remuneration - audit services	19,000	18,500
	<u>          </u>	<u>          </u>
<b>8. STAFF COSTS AND NUMBERS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Staff costs were as follows:		
Wages and salaries	1,015,842	966,998
Social security costs	100,385	87,511
Pension costs	16,642	12,397
	<u>          </u>	<u>          </u>
	<b>£1,132,869</b>	<b>£1,066,906</b>
	<u>          </u>	<u>          </u>

There were no payments in the year for early termination (2017 – one payment, £1,625 for agreed notice period relating to long term illness).

**8. STAFF COSTS AND NUMBERS**

The average number of employees during the year was as follows:	<b>No.</b>	<b>No.</b>
Training	16	14
Publications	12	13
Accounting and administrative support	7	8
	<u>          </u>	<u>          </u>
	35	35
	<u>          </u>	<u>          </u>
Full time equivalent	32	33
	<u>          </u>	<u>          </u>

1 employee received remuneration between £80,000 – £90,000 in 2018 (2017 – 1, between £80,000 - £90,000). The employer pension contributions for this employee were £703 (2017 – £384).

The total employee remuneration of the key management personnel of the charitable company was £296,949 (2017: £262,463).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2018

**9. PENSION COMMITMENTS**

The charitable company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the charitable company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the charitable company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum on 1st April)	(payable monthly and increasing by 3% each
From 1 April 2016 to 30 September 2028:	£54,560 per annum on 1st April)	(payable monthly and increasing by 3% each

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the charitable company has agreed to a deficit funding arrangement the charitable company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	31 December 2018 (£s)	31 December 2017 (£s)	31 December 2016 (£s)
Present value of provision	39,286	44,678	49,261

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2018

**9. PENSION COMMITMENTS (continued)**

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 December 2018 (£s)	Period Ending 31 December 2017 (£s)
Provision at start of period	44,678	49,261
Unwinding of the discount factor (interest expense)	579	668
Deficit contribution paid	(5,497)	(5,337)
Remeasurements - impact of any change in assumptions	(474)	86
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	39,286	44,678

There was £3,859 in outstanding contributions in 2018 (2017 - £3,575) included in the Balance Sheet

**10. TANGIBLE FIXED ASSETS**

	Leasehold Improvements £	Furniture & Fittings £	Computer Equipment £	Total £
<b>Cost</b>				
At 1 January 2018	7,781	10,791	165,193	183,765
At 31 December 2018	7,781	10,791	165,193	183,765
<b>Depreciation</b>				
At 1 January 2018	6,452	5,772	161,844	174,068
Charge for the year	1,329	2,158	1,779	5,266
At 31 December 2018	7,781	7,930	163,623	179,334
<b>Net Book Value</b>				
At 31 December 2018	-	£2,861	£1,570	£4,431
At 31 December 2017	£1,329	£5,019	£3,349	£9,697

All fixed assets are used for charitable purposes.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
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<b>11. INTANGIBLE FIXED ASSETS</b>		<b>Total £</b>
<b>Cost</b>		
At 1 January 2018		223,450
Additions		44,062
		<hr/>
At 31 December 2018		267,512
		<hr/>
<b>Depreciation</b>		
At 1 January 2018		126,431
Charge for the year		64,125
		<hr/>
At 31 December 2018		190,556
		<hr/>
<b>Net Book Value</b>		
At 31 December 2018		£76,956
		<hr/>
At 31 December 2017		£97,019
		<hr/>
<b>12. STOCKS AND WORK IN PROGRESS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Publications</b>		
Work in progress	116,911	111,109
Finished books	154,958	154,072
<b>Subscription websites</b>		
Work in progress	46,681	53,167
<b>Electronic</b>		
Work in progress	360,161	179,377
	<hr/>	<hr/>
	£678,711	£497,725
	<hr/>	<hr/>
<b>13. DEBTORS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	54,801	127,299
Other debtors	23,851	9,430
Prepayments and accrued income	163,334	333,170
	<hr/>	<hr/>
	£241,986	£469,899
	<hr/>	<hr/>



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**Report and Financial Statements for the year ended 31 December 2018**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2018

<b>14. CREDITORS: amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade creditors	57,836	70,055
Other taxation and social security	93,689	81,936
Other creditors	26,902	16,210
Accruals	101,959	43,261
Deferred income (see note 15)	393,630	374,466
Pension provision	5,662	5,197
	<u>£679,678</u>	<u>£591,125</u>
<b>CREDITORS: amounts falling after more than one year</b>		
Other creditors	3,477	5,673
Pension provision	33,624	39,181
	<u>£37,101</u>	<u>£44,854</u>
<b>15. DEFERRED INCOME</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Balance at start of year	372,446	424,324
Less: Amount released to income	(372,446)	(424,324)
Add: Amount deferred in the year:		
Subscriptions	336,855	334,557
Training income	56,775	39,889
	<u>£393,630</u>	<u>£374,446</u>
<b>16. FINANCIAL INSTRUMENTS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Financial assets at amortised cost	£132,368	£212,144
Financial liabilities at amortised cost	£229,460	£217,095

Under FRS 102 the definition of financial assets includes cash, trade debtors and other debtors. The definition of financial liabilities includes trade creditors, other creditors, accruals and pension liabilities.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2018

<b>17. STATEMENT OF FUNDS 2018</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers In/(out)</b>	<b>Carried Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Designated fund</b>					
Fixed Asset Fund	9,697	-	-	(5,266)	4,431
<b>General funds</b>	182,934	1,844,184	(1,847,322)	5,266	185,162
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted Funds	£192,631	£1,844,284	£(1,847,322)	-	£189,593
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

<b>STATEMENT OF FUNDS 2017</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers In/(out)</b>	<b>Carried Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Designated fund</b>					
Fixed Asset Fund	16,785	-	-	(7,088)	9,697
<b>General funds</b>	95,490	1,981,894	(1,901,538)	7,088	182,934
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted Funds	£112,275	£1,981,894	£(1,901,538)	-	£192,631
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**DESIGNATED FUNDS**

The fixed asset fund reflects the net book value of tangible fixed assets tied up in unrestricted funds at the year end. During the year £5,266 was transferred out of this fund into general reserves to match the movement in net book value of these assets for the year.

**18. STATEMENT OF FUNDS**

**Restricted funds 2018**

Publications and the dissemination of Information	313,641	40,600	(204,813)	-	£149,428
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Restricted funds 2017**

Publications and the dissemination of Information	441,969	-	(128,328)	-	£313,641
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Restricted funds represent grants received to enable specific areas of charitable activities to be undertaken.

The restricted funds held at the year-end relates to Forces in Mind Trust (FiMT) 2. This is funded by the FiMT to produce themed research reports on Armed Forces Charities in 2018 and 2019 and redevelop the Armed Forces website ([www.armedforcescharities.org.uk](http://www.armedforcescharities.org.uk)).

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
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<b>19. STATEMENT OF FUNDS 2018</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers In/(out)</b>	<b>Carried forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Designated funds	9,697	-	-	(5,266)	4,431
General funds	182,934	1,844,284	(1,847,322)	5,266	185,162
	<u>192,631</u>	<u>1,844,284</u>	<u>(1,847,322)</u>	<u>-</u>	<u>189,593</u>
Restricted funds	313,641	40,600	(204,813)	-	149,428
	<u>£506,272</u>	<u>£1,884,884</u>	<u>£(2,052,135)</u>	<u>£-</u>	<u>£339,021</u>

<b>STATEMENT OF FUNDS 2017</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers In/(out)</b>	<b>Carried forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Designated funds	16,785	-	-	(7,088)	9,697
General funds	95,490	1,981,894	(1,901,538)	7,088	182,934
	<u>112,275</u>	<u>1,981,894</u>	<u>(1,901,538)</u>	<u>-</u>	<u>192,631</u>
Restricted funds	441,969	-	(128,328)	-	313,641
	<u>£554,244</u>	<u>£1,981,894</u>	<u>£(2,029,866)</u>	<u>£-</u>	<u>£506,272</u>

<b>20. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2018</b>	<b>Restricted Funds 2018</b>	<b>Unrestricted Funds 2018</b>	<b>Total Funds 2018</b>	<b>Total Funds 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	-	4,431	4,431	9,697
Intangible fixed assets	-	76,956	76,956	97,019
Current assets	149,428	824,985	974,413	1,043,039
Creditors due within one year	-	(679,678)	(679,678)	(598,629)
Creditors due after one year	-	(37,101)	(37,101)	(44,854)
	<u>£149,428</u>	<u>£189,593</u>	<u>£339,021</u>	<u>£506,272</u>

<b>ANALYSIS OF NET ASSETS BETWEEN FUNDS 2017</b>	<b>Restricted Funds 2017</b>	<b>Unrestricted Funds 2017</b>	<b>Total Funds 2017</b>	<b>Total Funds 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	-	9,697	9,697	16,785
Intangible fixed assets	-	97,019	97,019	152,883
Current assets	313,641	721,894	1,035,535	1,122,195
Creditors due within one year	-	(591,125)	(591,125)	(685,825)
Creditors due after one year	-	(44,854)	(44,854)	(51,794)
	<u>£313,641</u>	<u>£192,631</u>	<u>£506,272</u>	<u>£554,244</u>

## **21. OPERATING LEASE COMMITMENTS**

At 31 December 2018 the charitable company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Less than 1 year	103,339	70,751	4,136	2,607
Between 2 and 5 years	373,924	84,869	1,500	13,332
> 5 years	-	14,358	-	-
	<u>£477,263</u>	<u>£169,978</u>	<u>£5,636</u>	<u>£15,939</u>

Committed rent and service charges payable for 2018 under the lease of the offices at 352 Holloway Road, London N7 (which expires on 31 July 2018) and the lease of One Old Hall Road, Liverpool (which expires on 3 September 2023) amount respectively to £82,121 (2017 - £49,532) and £21,216 (2017 - £21,216).

The charitable company also had offices at The Charity Centre, 24 Stephenson Way, London NW1 which lease expired on 4 March 2015, and has retained the services of a dilapidations surveyor to advise on the question as to whether there is any liability in respect of these former premises.

## **22. TAXATION**

As a registered charity, no tax arises on trading surpluses (since all the trading is carried out in pursuit of the charitable company's primary purposes), voluntary income or interest. The charity is exempt from corporation tax.

## **23. RELATED PARTY TRANSACTIONS**

**Caron Bradshaw**, a Trustee of the charitable company, is also the Chief Executive of Charity Finance Group.

DSC subscribes to Charity Finance Group on behalf of the organisation, at a cost of £345 (In 2017 the equivalent subscription was £335).

**Lesley Thornley** a Trustee of the charitable company, is also the Chief Executive of Hull and East Riding Citizens Advice Bureau Ltd, which organisation retained the charitable company to undertake an Impact evaluation study "Help Through Crisis" project at a cost of £12,000 (inc VAT), of which the first instalment of £6,000 (inc VAT) was invoiced in November in 2018. (There were no related party transactions with this organisation in 2017).

Other than as stated above there were no transactions between the charitable company in the year and any entity with which any of the Trustees was connected

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2018

**23. RELATED PARTY TRANSACTIONS (continued)**

**John M de C Hoare**, Company Secretary of the Charitable Company acted throughout the year in that capacity. In the year and in his capacity as Company Secretary he attended as a delegate free of charge the Charity Accountants Conference, which was organised by the charitable company at Solihull, in September 2018 (equivalent cost would have been £580 including VAT).

In 2017, in his capacity as Company Secretary he attended on a free of charge basis Charity Accountants Conference, Nottingham for which the equivalent cost would have been £649 (including VAT).

**Chibuzo Okpala**, Interim Director of Finance of the charitable company acted through the year in that capacity. In the year and in his capacity as Interim Director of Finance he attended as a delegate free of charge the following conferences and courses put on by the charitable company: Practical Project Management, Essential Presentation Skills, and Advanced Training and Presentation Skills for which the equivalent cost would have been £997 (VAT exempt).

(In 2017 in his capacity as Interim Finance director he attended free of charge the course Managing for Managers, in London in October 2017 (equivalent cost would have been £500 (VAT exempt).

**Annette Lewis** Interim Director of Operations Finance of the charitable company from 25<sup>th</sup> August 2018, in which capacity she attended the following courses put on by the charitable company: GDPR, Mindset for Success, Personal Power in Leadership for which the equivalent cost would have been £853 (VAT exempt) (2017- Annette Lewis did not occupy this post).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2018

**24. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (2017):**

	Note	Restricted Funds 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £
<b>INCOME FROM</b>				
Donations and legacies	2	-	10,500	10,500
Charitable activities	3			
<i>Training and events</i>		-	817,270	817,270
<i>Publications</i>		-	1,154,110	1,154,110
Investments		-	14	14
<b>Total income</b>		<u>-</u>	<u>1,981,894</u>	<u>1,981,894</u>
<b>EXPENDITURE ON</b>				
Charitable activities	4			
<i>Training and events</i>		-	967,354	967,354
<i>Publications</i>		128,328	934,184	1,062,512
<b>Total expenditure</b>		<u>128,328</u>	<u>1,901,538</u>	<u>2,029,866</u>
<b>Net income</b>		<b>(128,328)</b>	<b>80,356</b>	<b>(47,972)</b>
<b>Transfers between funds</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>NET MOVEMENT IN FUNDS</b>		<b>(128,328)</b>	<b>80,356</b>	<b>(47,972)</b>
Total funds at 1 January 2017		<u>441,969</u>	<u>112,275</u>	<u>554,244</u>
<b>Total funds at 31 December 2017</b>	19	<b><u>£313,641</u></b>	<b><u>£192,631</u></b>	<b><u>£506,272</u></b>