

National Council for Voluntary Organisations

Report and financial statements for the year ended 31 March 2019

Company number: 198344

Charity number: 225922

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

Patron:
President

Her Majesty The Queen
Baroness Jill Pitkeathley

NCVO Trustee Board

Honorary Officers

Chair	Peter Kellner	
Vice-chair	Sally Young	
Honorary Treasurer:	Bruce Gordon	Resigned 19 November 2018
Honorary Treasurer:	Paul Breckell	Appointed 19 November 2018

Trustees

Julie Bentley		
Andy Cook		
Jenny Field		
Chris Freed		
Vanessa Griffiths		
Fazilet Hadi	Resigned	29 May 2018
Anne Heal		
Richard Leaman	Resigned	19 November 2018
Tiger de Souza	Appointed	21 June 2018
Dan Sutch	Appointed	14 September 2018
Chris Wade	Resigned	10 December 2018
Ingrid Tennessee	Appointed	19 November 2018
Sally Young		

Audit and Risk Committee

Chair: Sarah Morrison (independent)

Trustees

Bruce Gordon	Resigned	19 November 2018
Paul Breckell	Appointed	19 November 2018
Anne Heal		
Sally Young	Appointed	

Independents

Anna Bennett	Resigned	16 July 2018
David Howley		
Kafui Tay	Appointed	11 February 2019

Nominations Committee

Chair: Peter Kellner (trustee)

Trustees

Julie Bentley		
Paul Breckell	Appointed	19 November 2018
Bruce Gordon	Resigned	19 November 2018
Sally Young		

Independents

Jo Ash CBE		
Dominic Fox		
Lynne Regan	Resigned	30 June 2018

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

HR and Remuneration Committee

Chair: Dame Julia Cleverdon DCVO, CBE
(independent)

Paul Breckell	Appointed	19 November 2018
Bruce Gordon	Resigned	19 November 2018
Peter Kellner		
Chris Wade	Resigned	10 December 2018

Independents

Karen Chapman	Appointed	21 June 2018
Chris Wade	Appointed	10 December 2018

Chief Executive

Sir Stuart Etherington

Senior Management Team

Susan Cordingley
Richard Williams
Karl Wilding

Company Secretary

Susan Cordingley

NCVO Members' Assembly

The purpose of the Assembly is to enable a wider member base to contribute to the development of public policy at NCVO. It allows members to contribute to the development of new and emerging thinking on public policy and meetings are open to all members.

Auditors

BDO LLP

2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Bankers

Barclays Bank Plc

Investment managers

UBS

Registered office and operational address

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

Registered charity no. 225922

Company registration no. 198344

Report of the trustee board

For the year ended 31 March 2019

From the chair

Welcome to NCVO's annual report for 2018/19.

This was in many ways a challenging year for charities. The headlines were dominated in early 2018 by revelations about abuse by aid workers in Haiti, which themselves followed closely on the heels of a *Financial Times* investigation into a charity fundraising event where sexual harassment was reported to be rife. This put issues of harassment and abuse firmly on the agenda for charities of all kinds.

NCVO was closely involved in responding to this agenda. As well as taking part in wider debates and helping shape the actions of government and others, we set about creating the Charity Ethical Principles, a set of principles to help shape charities' work and put the importance of operating to high ethical standards front of mind for people in every part of the sector.

For most of the time, the attention of government and parliamentarians was almost exclusively on Brexit, leaving little room for debate on other issues for the sector. With this in mind, it was more important than ever that we helped to lead our own policy agenda. Julia Unwin's Civil Society Futures review was an important part of the conversation about the future of the sector.

This year marked the final year of our five-year strategy, set out in 2014. We're pleased that the aims we set then still feel relevant now. With our new chief executive, Karl Wilding, starting in September 2019, we are beginning the process of developing a new strategy and expect to complete this in 2020. We celebrated NCVO's centenary this year, one highlight of which was a reception hosted by Her Majesty The Queen at Windsor Castle for a number of our smaller member organisations. But having taken this opportunity to reflect on our achievements over the past 100 years, our focus now is on looking to the future for the sector and what that means for NCVO.

With a country seemingly in the mood for change, it's particularly important that we consider the sector's role as an agent of change, as well as its role in helping bring people together and reinforce the values that we have in common even at a time when we are often focusing more on our differences of opinion. We will doubtless be talking to members about this and other themes in considering NCVO's next steps.

I would like to take this opportunity to pay tribute to Sir Stuart Etherington as he retires as NCVO's chief executive after 25 years in the role. It would be hard to overstate his influence on the sector in his time here, guiding it through good times and bad with the same deft confidence. Naturally, his departure will represent a time of change for NCVO, but it is a tribute to his leadership that he leaves the organisation in such a strong position, ready and eager to take on the challenges of the future. I and the many other trustees, staff and members he has worked with throughout his service here owe him an incredible debt of gratitude.

And I am also stepping down this November, at the end of my three-year term of office. With the chief executive baton handed to someone who knows NCVO inside out, I think this is the right time for a new chair to bring different perspectives. Being chair of NCVO has been a great privilege. I am particularly proud of the work we have done to help the sector address safeguarding challenges, and also of our landmark Time Well Spent research, which has set the benchmark for learning about how and why people volunteer at a very high level. I've had the privilege of meeting many amazing people and learning about truly life-changing organisations in this role. I look forward to seeing the sector's success continue.

Peter Kellner
Chair, NCVO

Report of the trustee board (continued)

For the year ended 31 March 2019

Structure, governance and management

The trustee board presents its annual report (incorporating the strategic report) and the audited financial statements for the year ended 31 March 2019.

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

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

Full membership of NCVO is open to voluntary organisations that comply with the criteria for membership. In addition, there are affiliate categories of membership for public sector and corporate bodies. NCVO's trustee board is responsible for managing the business of NCVO as outlined in the articles of association.

NCVO is governed by a board of 12 trustees, including three honorary officers (chair, vice-chair and treasurer). The chair, treasurer and seven trustees are elected by the members. Additional trustees are co-opted by the board to ensure the right mix of skills and experience. One of the trustees is elected to fill the vice-chair honorary officer position by the board. Trustees serve for a term of three years, with a maximum of two terms.

The following committees report to the board:

- Nominations Committee, to facilitate diversity in the governance structure, ensure the right mix of skills and experience and supervise the democratic process
- HR and Remuneration Committee, to consider HR policy and related matters

- Audit and Risk Committee, to provide independent advice and assurance on risk, control and audit matters.

NCVO Members' Assembly is a forum to advise the board on issues relating to volunteering and the voluntary sector and to contribute to the development of NCVO's positions on matters of public policy. There are at least four meetings a year, including the AGM, to provide an opportunity for wider engagement with the sector. The meetings are open to all members and held at locations around the country.

On election, each new trustee receives an induction pack including *The Good Trustee Guide* and key organisational policies and documents. All trustees attend an induction meeting, which includes the opportunity to meet key staff. After their first year in office, each trustee meets with the chair and chief executive to review their first year.

All trustees also take part in an annual residential planning event. This provides an opportunity for trustees to spend time with other board members and members of NCVO's senior management team discussing the environment in which the organisation operates and the organisation's future plans.

The trustee board was supported during the year by a management team and staff of around 100 employees, organised into three departments, as follows.

- Public policy and volunteering – this comprises NCVO's policy and research functions whose remit includes the voluntary sector, volunteering and public services and our external relations team.
- Enterprise and development – this includes membership, events, our portfolio of quality standards, enterprise development, fundraising and marketing, training and evaluation services.
- Planning and resources – this comprises NCVO's internal support services and our digital and data team and is responsible for the organisational planning process, servicing of the governance structure and running the conference suite.

Report of the trustee board

For the year ended 31 March 2019

President

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

Charity Governance Code and Charity Ethical Principles

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

Openness and accountability

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

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

Diversity

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

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

The Nominations Committee is monitoring progress via the annual board diversity audit.

Organisational purpose and leadership

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

Charity Ethical Principles

The board had an initial discussion about the Principles and how these are reflected in the way it governs NCVO. It was agreed to establish a small sub-group of the board to review these in more detail and come back to the board with a proposed action plan.

Strategic report

Objectives and activities

NCVO champions and strengthens volunteering and civil society, with over 14,400 members ranging from the largest charities to the smallest community organisations. There are tens of thousands of voluntary-sector organisations in the UK. There are millions of volunteers. Every day, people across the country give their time, energy and money.

For almost 100 years, NCVO has brought the voluntary sector's people together to solve problems, address root causes and inspire each other. We know the power of the voluntary sector and volunteering. No one organisation can solve society's challenges alone, but collectively we're all vital for sustaining society in times of challenge and change. That's why – inspired and empowered by our members – we support and celebrate volunteering in all its diversity and champion and strengthen the voluntary sector by making sure that it can continue to do what it does best and that government knows its true value.

In March 2014 NCVO launched a five-year strategy, *Together We Make a Bigger Difference*, which sets out our priorities under five strategic aims.

1. We will champion volunteering and the voluntary sector.
2. We will strengthen voluntary organisations.
3. We will grow and enhance volunteering, wherever it takes place.
4. We will connect people and organisations.
5. We will be a sustainable and socially responsible organisation.

It describes the values that will govern our work. We will:

- **use evidence:** we base what we say and do on the best research and our members' experiences
- **be creative:** we explore new ideas and approaches, looking for what will add real value
- **be collaborative:** we work with our members and partners to achieve the best results

- **be inclusive:** we value diversity and work to make sure that opportunities are open to all
- **work with integrity:** we are open and honest and do what we believe is best for our members, volunteers and the voluntary sector.

Further information on the activities underpinning each of the five aims is given in the 'Achievements and performance' section of this report. NCVO will publish a new strategy in 2020, following our centenary year and the appointment of new chief executive, Karl Wilding.

Public benefit statement

The trustees have paid due regard to the Charity Commission guidance on public benefit. The trustees are confident that NCVO's aims and activities – educating about, campaigning for and promoting the interests of civil society organisations – are in accordance with the regulations on public benefit.

Achievements and performance

Aim 1: We will champion volunteering and the voluntary sector

We were pleased to see the launch of the Civil Society Futures review this year, which we supported financially from the centenary fund. It has generated a lot of discussion and debate, which we will continue to take part in as we think about NCVO's future.

In August, the government published its civil society strategy, an important document which we spent a lot of time working to influence. We welcomed its positive messages in many areas, such as the benefits of volunteering in public services and a clear recognition of charities' right to campaign. We would have liked to have seen more ambitious, long-term commitments, but we thought this was a good starting point and we've focused on encouraging the government to follow through on its actions from the strategy.

Another report we worked hard to influence this year was that of the House of Lords Committee on Citizenship and Civic Engagement so we were pleased that it reflected many of our key messages. We will keep using it as a tool for engaging government and parliamentarians.

We worked with the Community Wealth Fund alliance to champion the use of dormant assets in a way that will benefit local communities for the long term, and we will continue to pursue this important area of work.

We made good progress on supporting charities to contribute to public services, helping to pave the way for a new government requirement for large contractors to report their spending on charity subcontractors and for a new series of measures designed to improve the health of public service markets. As members of the voluntary sector Crown Representative's advisory group, we shaped the guide published by the Office for Civil Society for voluntary organisations considering selling to government or becoming part of the supply chain for delivering public services.

We continued to stand up for charities' role as a voice for their causes. After concern about so-called 'gagging clauses' in a number of contracts, we wrote to the prime minister to give her the opportunity to spell out clearly the government's approach to charity campaigning. We were pleased that she gave an unequivocal endorsement of charity campaigning. Our challenge since has been to make sure that the sector recognises this and does not feel restricted in its campaigning ambitions.

Our social media campaign, #YouMadeItHappen, helped charities around the country showcase their work and promoted the importance of telling supporters the difference they made. In our member survey, four in five respondents felt we had been successful in championing the voluntary sector and volunteering.

Aim 2: We will strengthen voluntary organisations

The issue of safeguarding dominated the sector in the wake of the revelations of the abuse carried out by Oxfam staff in Haiti. We worked closely with the government and other organisations to respond to these issues. We established a working group that created a set of charity ethical principles, an equivalent to the Nolan principles for public life for the charity sector. We're very grateful to Dame Mary Marsh for her leadership of this group.

At the end of the year, the Department for Digital, Culture, Media and Sport and the National Lottery Community Fund awarded us funding to create a comprehensive range of online safeguarding resources for charities. We've engaged a broad partnership of expert organisations to help carry this out in 2019/20. This was a major success for NCVO. In leading this work, we will be able to use our existing expertise and reach to help ensure that the resources work well for charities of all types. The scale and pace of the bidding for and implementation of this work put a strain on capacity in our policy and digital teams, but we know how crucial this is for charities and community groups and the people they work with, so we think it is very important for us to do.

We established a new partnership with the Foundation for Social Improvement (FSI), helping smaller charities access support. We also established a partnership with Action for Communities in Rural England (ACRE) to support its members. ACRE is an organisation that was originally formed within NCVO and which became independent from us three decades ago.

We achieved accreditation from the United Kingdom Accreditation Service for our competence to assess charities against our Trusted Charity quality standard, formerly known as PQASSO, demonstrating that we run the standard in

Report of the trustee board (continued)

For the year ended 31 March 2019

a rigorous manner. We believe the Trusted Charity mark is a valuable tool to help charities ensure their governance and operations are of the highest standards.

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

Our Time Well Spent research was extremely well received. We built a picture of the country's volunteering through a survey of over 10,000 members of the public. The report, which we developed in partnership with many NCVO members, has proved to be a very valuable resource for volunteering professionals, and we are confident it will be considered a landmark study for years to come. In particular, we think it has contributed to the debate on diversity and inclusion in volunteering. After the initial report, we started analysing the data in more detail, and since the end of this year have published further reports on specific topics within volunteering using the survey.

Following the Holliday review of full-time social action, we worked to develop guidance for organisations on how to manage full-time volunteering roles.

We successfully influenced the Information Commissioner's Office and the Charity Commission on important regulatory matters relating to volunteers, resulting in better outcomes for volunteer-involving organisations. We agreed next steps with UK Visas and Immigration to tackle the increase in the rejection of visas for those applying to volunteer in the UK. We also helped the College of Policing to develop a volunteer-management framework for citizens in policing.

We continued to support Volunteers' Week, investing considerably in a new and improved website. We also grew the National Volunteering Forum, connecting volunteering professionals so they can debate and share ideas.

Aim 4: We will connect people and organisations

Our membership continues to grow, with increases in both paid and free memberships, and we ended the year with 14,426 members, an increase of over 7% on last year's membership figure of 13,479. Our overall retention rate – the proportion of members renewing their membership this year – was 96%. Among paying members it was 90%. We're very pleased with these figures but we're always trying to do more to attract members and keep them wanting to renew their membership.

We connected over 250 people through our 'Day in the Life' work-shadowing scheme, which links people in charities with government staff. More than nine in ten said they had increased their knowledge of how their counterparts work.

Our annual conference, trustee conference, campaigning conference, research conference and an increased number of members' assemblies provided hundreds of delegates with the opportunity to mix and learn from one another. We made an effort to represent diversity in the speakers we selected for events and we're going to make sure we keep doing this.

The all-party parliamentary group on charities and volunteering (APPG), which we provide the secretariat for, connected charities and parliamentarians to discuss topical issues in the sector. The APPG's Christmas reception gave members opportunities to meet parliamentarians and policy makers.

Meanwhile, our Step on Board programme recruited staff from major corporate employers onto nearly 100 charity boards.

Nearly two-thirds, 63%, of respondents to our members' survey said that NCVO had been successful in connecting people and organisations.

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

Because our role is at the heart of the sector, we do a lot of different things. We are conscious that this can sometimes present a confusing external picture for members and stakeholders. With the help of external consultants, we reviewed how our marketing and communications functions work. The process took longer than we anticipated, which we know was frustrating for some staff, but we wanted to listen to views from within and outside the organisation, which takes time. The consultants concluded that we were already operating to high standards but with scope for improvement. We made some internal changes, such as focusing our marketing resource in a new dedicated marketing team and creating a new cross-organisational marketing and communications group to determine communication priorities. We think this will make a real difference to how we communicate with our

Report of the trustee board (continued)

For the year ended 31 March 2019

members and other audiences, helping them to find the information they need in a timely and engaging manner and ensuring we make a bigger impact.

Our biannual staff survey in autumn 2018 showed positive results. The overall engagement score was 87%, with staff particularly valuing NCVO's flexible working policies, rewards and benefits package and their fellow colleagues. The survey also identified a number of areas where staff felt we could improve, including better internal communication and cross-organisation working, better line management and leadership skills and improved diversity and inclusion practices. We will be addressing these in 2019/20, including establishing a diversity and inclusion staff group to lead our work in this area. We began the search for a new chief executive this year, attracting nearly 200 initial applications.

We ended the year with an operating surplus. This in part reflects the funding received from the Department for Digital, Culture, Media and Sport and the National Lottery Community Fund at the end of the year which will be used to fund the safeguarding work in 2019/20. We also received a one-off amount of £140,000 from the Corcos Trust which was wound up with 50% of its remaining assets donated to NCVO. We continued to invest reserves in developing our technology and spent much of the year planning and developing changes to our various systems and digital products which will be launched in 2019/20. These changes will improve the user experience and enable us to better service our growing membership more efficiently from our existing resource base.

Report of the trustee board

For the year ended 31 March 2019

Financial review

The year to 31 March 2019 represented a continued period of financial stability, with little change in income and expenditure.

Income

Total income of £8.9m was an increase on the preceding year (£8.4m). The majority of the increase reflects a grant of £427k received in March 2019 from the National Lottery Community Fund for a partnership to develop resources and guidance around safeguarding and safe culture. NCVO continues to generate income from a diverse range of sources. The main source of income from donations and legacies is £1.8m from the Charities Aid Foundation (CAF), which was similar to last year. We also received a one-off donation of £140k during the year, when the Corcos Trust was wound up. Income from charitable activities of £3.7m income (2018: £3.5m) reflects increased income from membership and the award of a grant from the Big Lottery Fund and the Cabinet Office to lead a consortium of organisations to provide advice and support on safeguarding. The research team has focused more on the Almanac and the Time Well Spent volunteering research work, with less project and consulting work undertaken. Income from trading activities increased to £3.2m (2018: £3.0m) as a result of increased activity in our conference suite.

Expenditure

Total expenditure increased slightly to £8.4m (2018: £8.3m). Staff costs at £5.3m were similar to the preceding year. We continued the planned investment from reserves during the year, which included continued investment in our digital products and services and research into volunteering that resulted in the Time Well Spent report.

Funds

Net income of £0.6m for the year included a gain on investments of £0.08m. The actuarial gain on the defined pension scheme of £0.03m (2018: actuarial gain of £0.8m) resulted in a net increase in funds of £0.6m and total funds at the end of the year of £4.0m (2018: £3.2m).

Balance sheet

Fixed assets include the value of Society Buildings at £3m under the historical cost convention, being the original cost plus the cost of subsequent building works less depreciation. In June 2013 the building was valued at £14.25m on a 15-year sale-and-leaseback basis. Anecdotal evidence suggests that this value has increased since then. At the end of the year there was an outstanding loan of £1.8m secured on the building. The loan taken out in 2011 has a 20-year maturity with a five-year break in July 2016 and was renegotiated for a further renewable term of five years.

NCVO's defined benefit pension scheme was closed to future accrual on 31 March 2011. Following the September 2016 tri-annual valuation, it was agreed with Pensions Trust (now TPT Retirement Solutions) that the existing deficit recovery plan would be extended by 14 months to 31 March 2029 to cover the increased liability. This means we will continue to contribute £0.5m per annum, increasing by 3% a year. The liability in respect of the defined pension scheme is recognised on the balance sheet at the present value of the defined obligation less the fair value of the plan assets at the reporting date and has been calculated by an independent, qualified actuary in accordance with Financial Reporting Standard 102 (FRS 102). This valuation at 31 March 2019 resulted in a liability of £3.2m (2018: £3.4m) being recognised on the balance sheet. The current market value of the building more than covers the current pension deficit.

Future financial planning

We continue to monitor all income streams, invest in identifying and developing new sources of earned income and diversifying our income base, as well as monitoring costs, to ensure we continue to be financially sustainable for the foreseeable future.

Report of the trustee board (continued)

For the year ended 31 March 2019

Policies

Investments

During the year to 31 March 2019, NCVO's investment portfolio was managed by UBS. Our investment policy aligns with our fifth strategic aim to 'be a sustainable and socially responsible organisation' and our investment objective is to provide long-term capital and income growth.

The UBS approach starts with a negative screen then applies a positive screen that actively selects companies adopting best practice in areas such as supply chain

management, waste and carbon management, employee welfare and corporate governance. The aim of this approach is to create a portfolio of companies actively focused on managing their businesses sustainably.

UBS provides real-time, online information on performance of the portfolio and quarterly reports. In addition, UBS attends an Audit and Risk Committee meeting at least annually to discuss the performance

of the portfolio, economic conditions and future requirements.

NCVO holds an investment of 33% in Trustees Unlimited LLP, a joint venture between NCVO Trading Limited, Russam GMS and Bates Wells, which each holds a third of the shares. Trustees Unlimited LLP has been accounted for as an associate and included in the consolidated SOFA and balance sheet using the equity method.

Reserves

The trustees have set a reserves policy that requires reserves to be maintained at a level which ensures that NCVO's core activity could continue during a period of unforeseen difficulty and that a proportion of reserves be maintained in a readily realisable form. The trustees assess the required level of reserves on an annual basis, alongside the operating budget. The assessment takes account of the market valuation of investments, income and expenditure risk within

the budget, commitments to repay the loan secured on the building and the need to keep sufficient bank balances to be able to manage the day-to-day fluctuations of receipts and payments.

In March 2019, the reserves policy was reviewed, and, based on the risk analysis, a readily realisable reserves figure (i.e. the amount of unrestricted reserves after making allowance for restricted and designated funds as set out in note

16) of £2.3m was agreed to be necessary. The current level of free reserves is comfortably above this level and the trustees have approved a planned programme of investments from reserves over the next two years which will close this gap.

At 31 March 2019, NCVO's free reserves, which is equivalent to the general fund, were as follows:

	31 March 2019	31 March 2018
	£'000	£'000
Total funds	3,909	3,260
Restricted funds	(548)	(147)
Designated funds	(3,255)	(2,808)
Pension fund	3,154	3,385
Free reserves	3,260	3,690

Designated funds (note 17) include a fixed asset fund, which represents funds that can only be realised on disposal of the fixed assets, and a range of allocations which will be spent over the next two years.

Fundraising policy

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in our accounts as 'donations and voluntary income'.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers or third parties. The day-to-day management of all income generation is delegated to the executive team, which is accountable to the trustees. The charity is not required by any undertaking to be bound by any regulatory scheme and the charity does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds, we do not have particular policies in relation to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

Report of the trustee board (continued)

For the year ended 31 March 2019

Remuneration statement

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

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

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

Our approach to pay

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

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

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

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

People are employed at NCVO on the basis of the specific skills that they bring to their particular role. For NCVO to run successfully, a large range of skills and disciplines are required, and we need to pay appropriately to ensure that we can recruit people with the right skills. We also need to retain them in a competitive market where, not least as a result of NCVO's cross-cutting role, their skills are readily transferable to other organisations, both in the voluntary sector and in other sectors. Our staff pay scales are set with these factors in mind.

(i) Senior management pay

NCVO's unique position in representing the whole of the voluntary sector means that the chief executive and other members of the senior management team require a breadth and depth of expertise that requires drawing from the best senior-level talent in a competitive market. They need to be able to command the respect of their peers among our members, from the smallest to the very largest charities, through their experience and their credibility. At the same time, we seek to keep salary costs under control.

(ii) Benchmarking

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

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

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

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

Report of the trustee board (continued)

For the year ended 31 March 2019

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

(iii) 2019/20 senior pay levels

Name	Title	Annual salary 2018/19 £	Pension contributions 2018/19 £	Total remuneration 2018/19 £	Annual salary 2019/20 £
Sir Stuart Etherington	Chief Executive	141,400	-	141,400	145,218
Susan Cordingley	Director of Planning and Resources	89,879	7,640	97,519	92,306
Karl Wilding	Director of Public Policy and Volunteering	89,879	7,640	97,519	92,306
Richard Williams	Director of Enterprise	89,879	7,640	97,519	92,306

Total remuneration figures are salary plus pension contributions. The information above excludes employer's national insurance contributions (NIC) which are included in the information in note 7. Senior management team members, like all NCVO staff, are also entitled to miscellaneous benefits, such as childcare vouchers, which have not been included here. Details of expenses for the senior management team are given in note 8.

Upon appointment as Chief Executive in September 2019, Karl Wilding will receive an annual salary of £120,000. NCVO's pay ratio and gender pay gap report will reflect this in our next annual report, covering the financial year 2019/20.

(iv) Pay ratio

The ratio of our highest salary (£141,400) to our median salary (£37,142) is 3.8:1.

(v) Pay awards

While they are separately determined, annual pay awards for the chief executive, directors and staff have always been at the same percentage level. Since 2011, both the senior management team and staff have received an annual 2% pay award. A 2.7% pay award has been agreed for 2019/20.

Gender pay gap report

NCVO believes in equality of opportunity for all. Although NCVO employs fewer than 250 staff and is therefore not required to publish gender pay gap information, we have chosen to do so, and we encourage other organisations in the sector to do the same.

Median and mean hourly earnings

At 5 April 2019 the median and mean male and female hourly earnings were:

	Male hourly earnings 2019 £	Female hourly earnings 2019 £	Difference 2019 £	Pay gap 2019 %	Difference 2018 £	Pay gap 2018 %
Median	23.93	20.96	2.97	12	2.90	12
Mean	26.43	22.58	3.85	15	2.80	11

At 5 April 2019 the mean male and female hourly earnings by quartile were:

	Male hourly earnings 2019 £	Female hourly earnings 2019 £	Difference 2019 £	Pay gap 2019 %	Difference 2018 £	Pay gap 2018 %
--	-----------------------------------	-------------------------------------	-------------------------	----------------------	-------------------------	----------------------

Report of the trustee board (continued)

For the year ended 31 March 2019

Quartile 1	17.20	16.50	0.70	4	-0.5	-3
Quartile 2	20.47	20.01	0.46	2	-	-
Quartile 3	23.80	23.85	-0.05	-0.2	0.7	3
Quartile 4	37.71	32.18	5.53	15	4.60	13

The information shows that in quartiles 1 to 3 there is little or no pay gap. In the upper quartile, a gender pay gap of 15% exists (2017: 13%) even though we employ more female than male staff in this quartile. This reflects the fact that three of the four members of the senior management team are male. This also means that a gender pay gap exists when median and mean average earnings are compared. The other contributing factor is that those currently employed in three of the four lowest paid grades in the organisation are female. The mean pay gap has increased because we now employ two more catering assistant supervisors than we did at this point in the previous year, both of whom are female.

Mean hourly earnings by grade

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

	Male hourly f/t earnings 2019 £	Female hourly f/t earnings 2019 £	Difference 2019 £	Pay gap 2019 %	Difference 2018 £	Pay gap 2018 %
Directors	50.72	50.72	-	-	-	-
Grade A	32.23	33.06	-0.83	-2	-	-
Grade B	28.18	27.24	0.94	3	1.20	4
Grade C	23.80	23.78	0.02	0.001	0.21	1
Grade D	20.96	20.67	0.29	1	0.30	1
Grade E	17.89	17.74	0.15	0.1	-0.26	-1
Grade F*	-	16.43	-	-	-	-
Trainee	13.22	12.88	0.34	3	-	-
Catering assistant supervisor*	-	12.53	-	-	-	-
Catering assistant deputy supervisor*	-	12.08	-	-	-	-

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

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

Report of the trustee board

For the year ended 31 March 2019

Future plans

While our 2014–2019 strategy has now come to an end, we believe the overarching aims it set out are still broadly right for NCVO. With a new chief executive starting in September 2019, we have begun work on the new strategy, which we will complete in 2020.

In the meantime, we have identified several priority operational areas that we will concentrate on in 2019/20.

Strengthen our local connections

We will strengthen our connections with local organisations to provide better support and to make sure we are always listening to and reflecting the latest on-the-ground reality for the sector. This will mean working more closely than ever with our partners in local infrastructure.

Champion diversity and inclusion in the charity sector

Diversity and inclusion are high on the agenda of many in the sector and we want to help. We want to consider all aspects of diversity and, not least because we know this is an area where no one has all the answers, we are keen to bring people together to reflect on a range of diversity issues and possible steps the sector could take. As well as looking at this for the sector, we will make sure we are doing everything we can to consider diversity and inclusion in our own work, including our recruitment practices.

Make finding the support you need quick and easy

Our websites have a huge range of advice and support content for charities, along with lots of information on things like events or policy issues. We know it isn't always as easy as it should be for members to navigate all this and find what they need, so we're going to redesign our main website from scratch, and we'll also make it quick and simple to buy online from us, whether it's ordering a publication or a booking a training course. We will also work on streamlining our communications so it's easier for everyone to understand what our priorities are.

Principal risks and uncertainties

The risk register is a standing item on the agenda at each trustee board meeting. It is reviewed quarterly by the senior management team and twice a year by the audit and risk committee.

Risks are considered in five key areas: strategy, governance and management; operational; financial; environmental and external; legal and statutory. All identified risks are assessed for both likelihood of occurrence and potential financial and reputational impact, to give a gross risk. Mitigating controls are then considered, giving a net remaining risk.

External and strategic risks include adverse publicity in the media, including blogs and social media, the risk of being perceived to have political bias and a risk of relationships with politicians and officials breaking down. Such eventualities would jeopardise our crucial role in promoting the interests of the voluntary sector. The main financial risks relate to earned income and the affordability of pension contributions. Key governance, management and operational risks include ensuring we have robust policies and procedures to secure our systems against data breaches and ensuring we appropriately recruit, appoint and induct a new chief executive.

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

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

Report of the trustee board (continued)

For the year ended 31 March 2019

Trustee board members

The members of the trustee board, who are also directors under the terms of the Companies Act 2006, are set out on page 2. The members of the trustee board have no beneficial interest in the group or charity.

The board of trustees would like to place on record its thanks to, and appreciation of, the chief executive, his senior management team and the whole of NCVO's staff for the skill and energy with which they have managed and contributed to the organisation throughout the year.

Liability of members

NCVO the charitable company is limited by guarantee and has no share capital. Clause 7 of the memorandum of association provides that every member, as defined by Clause 2 of the articles of association, is liable to contribute a sum not exceeding £1 in the event of the company being wound up while they are a member or within one year of ceasing to be a member. At year end there were 14,426 members.

Statement of trustee board's responsibilities

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

In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities' SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any

material departures disclosed and explained in the financial statements

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

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

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

Auditors

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

BDO LLP was reappointed as auditor to NCVO at the AGM on 19 November 2018.

Approved by the trustee board and signed on their behalf.

Peter Kellner
Chair

16 September 2019

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

Opinion

We have audited the financial statements of National Council for Voluntary Organisations ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 March 2019 which comprise the consolidated and the Parent Charitable Company statement of financial activities, the consolidated and Parent Charitable Company balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions related to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Donald Bawtree (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick

16 September 2019

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

Statement of financial activities for the Group
(including income and expenditure account)

For the year ended 31 March 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2019 £'000	Total funds 2018 £'000
Income					
Donations and legacies	2	1,928	12	1,940	1,789
Charitable activities:	3				
Membership subscriptions		1,129	-	1,129	1,078
Advisory services and information		987	608	1,595	1,273
Campaigns and communications		20	-	20	43
Education and training		888	-	888	936
Policy		3	-	3	6
Research		39	10	49	235
Other trading activities	4	3,224	-	3,224	2,982
Investments	5	90	-	90	66
Total		8,308	630	8,938	8,408
Expenditure	6				
Raising funds		1,406	-	1,406	1,311
Charitable expenditure					
Advisory services and information		3,081	183	3,264	3,393
Campaigns and communications		1,335	15	1,350	1,505
Education and training		1,178	14	1,192	951
Policy		459	-	459	331
Research		529	17	546	641
Other: Centenary and digital investment		198	-	198	144
Total		8,186	229	8,415	8,276
Net income before investment gain		122	401	523	132
Net gain on investment		77		77	55
Net income		199	401	600	187
Other recognised gains					
Share of operating profit of joint ventures		14	-	14	169
Actuarial gain on defined benefit scheme	19	35	-	35	786
Net movement in funds		248	401	649	1,142
Total funds at 1 April 2018		3,113	147	3,260	2,118
Total funds at 31 March 2019	17	3,361	548	3,909	3,260

Statement of financial activities for the Group and Charity (continued)

For the year ended 31 March 2018

The statement of financial activities (SOFA) includes all gains and losses recognised in the year. Disclosure of the split of 2018 comparatives is shown in the notes to the accounts. Total unrestricted income was £8.3m (2018: £8.0m) and total unrestricted expenditure was £8.2m (2018: £7.9m). Movements in funds are disclosed in note 17 to the financial statements. The net movement in funds includes £6k of unrealised investment gains. Net realised income for the year was £523k (2018: net realised income £132k).

Group and charity balance sheet

As at 31 March 2019

		Consolidated	Consolidated	NCVO	NCVO
	Notes	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	9	4,330	4,391	4,330	4,391
Investments	10	2,532	2,331	2,532	2,331
Investment in joint ventures – share of gross assets		63	199	-	-
Investment in joint ventures – share of gross liabilities		(43)	(19)	-	-
Net investment in joint ventures		20	180	-	-
		6,882	6,902	6,862	6,722
Current assets					
Stocks	11	2	17	2	17
Debtors	12	1,367	1,496	2,000	2,538
Cash at bank and in hand		3,152	2,520	2,257	1,437
		4,521	4,033	4,259	3,992
Creditors: amounts falling due within one year	13	(2,593)	(2,449)	(2,331)	(2,263)
Net current assets		1,928	1,584	1,928	1,729
Total assets less current liabilities		8,810	8,486	8,790	8,451
Creditors: amounts falling due after one year	14	(1,747)	(1,841)	(1,747)	(1,841)
Net assets excluding pension liability		7,063	6,645	7,043	6,610
Defined benefit pension scheme liability	19	(3,154)	(3,385)	(3,154)	(3,385)
Net assets		3,909	3,260	3,889	3,225
Funds					
Restricted funds		548	147	548	147
Unrestricted funds					
Pension reserve		(3,154)	(3,385)	(3,154)	(3,385)
Designated funds		3,255	2,808	3,255	2,808
General funds		3,260	3,690	3,240	3,655
Total funds	16	3,909	3,260	3,889	3,225
NCVO net income for the year				664	1,016

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

Peter Kellner
Chair
16 September 2019

Paul Breckell
Treasurer
16 September 2019

Group cash flow statement
For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by operating activities	18	773	77
Cash flows from investing activities			
Dividends and interest		90	66
Cash received from joint ventures		174	43
Purchase of fixed assets		(279)	(85)
Proceeds from sale of investments		521	496
Cash invested following wind up of the Corcos Trust		133	-
Purchase of investments		(643)	(489)
Net cash (used by)/provided by investing activities		(4)	31
Cash flows from financing activities			
Repayment of loan (capital and interest)		(134)	(135)
Net cash used by financing activities		(134)	(135)
Change in cash and cash equivalents in the year		635	(27)
Cash and cash equivalents at the beginning of the year		2,595	2,622
Cash and cash equivalents at the end of the year		3,229	2,595

Analysis of cash and cash equivalents

		2019 £'000	2018 £'000
Cash at bank and in hand		3,152	2,520
Cash held in investment portfolio	10	78	75
Total cash and cash equivalents		3,230	2,595

Notes to the financial statements

For the year ended 31 March 2019

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments and in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the United Kingdom and the Republic of Ireland, the Charities' Statement of Recommended Practice (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going-concern basis. Having considered three-year financial projections alongside the existing and projected level of reserves, the trustees consider that NCVO has adequate resources to continue to operate for the foreseeable future.

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

a) Income

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

Income from donations and grants is credited to the SOFA when there is evidence of entitlement, receipt is probable and its amount can be measured reliably, unless it relates to a specific future period, in which case it is deferred.

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

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

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

b) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that reflect the charity's activities and aggregates all costs related to that activity. Costs are allocated across activities and projects based on judgements about the objectives and related outcomes of the activities and projects. Expenditure on which there is irrecoverable VAT is shown within each relevant cost category gross of VAT.

i) Raising funds

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

Notes to the financial statements

For the year ended 31 March 2019

ii) Charitable expenditure

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

Governance costs

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

Support costs

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

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

Grant making

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

iii) Other costs

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

c) Fund accounting

The charity maintains the following funds:

i) Restricted funds

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

ii) General unrestricted funds

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

iii) Designated funds

These represent unrestricted funds allocated by the trustees for particular purposes.

d) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation, which is provided in equal instalments over the estimated useful lives of the assets.

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

Notes to the financial statements

For the year ended 31 March 2019

Freehold building	50 years
CRM system	5 years

Other computer equipment	3 years
Fixtures and fittings	10 years
Plant and equipment	20 years

e) Investments

Quoted investments are valued at bid price and stated at market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA.

f) Operating leases expenditure

Gross rentals paid are recognised as lease rental expenses. Rentals are charged to the SOFA, over the term of the lease.

g) Goodwill

Goodwill is capitalised and amortised over five years.

h) Stocks

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

i) Debtors

Debtors are recognised at the settlement amount due. Accrued income reflects amounts due but not received at the balance sheet date from funders and partners. Prepayments reflect costs paid at the balance sheet date that relate to future periods and are valued at the amount paid net of any discounts due.

j) Cash at bank and in hand

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

k) Creditors

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

l) Employee benefits

i) Short-term benefits

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

ii) Post-retirement benefits

Notes to the financial statements

For the year ended 31 March 2019

The charity operates two pension schemes.

Defined contribution scheme

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

Defined benefit scheme

NCVO's defined benefit scheme was closed to future accrual on 31 March 2011. The liability recognised on the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date and has been calculated by an independent, qualified actuary in accordance with FRS 102.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the SOFA each year.

The annual costs of the defined benefit plan are included in employee costs and allocated across the expenditure headings on the SOFA. These comprise the annual expenses of the scheme and the finance costs.

m) Consolidation

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

NCVO Trading Limited holds 33% of the shares in Trustees Unlimited LLP. Trustees Unlimited LLP provides a search-and-selection service in respect of trustees and directors including the provision of advice, training and consultancy on governance and other relevant issues. Trustees Unlimited LLP, which has an accounting reference date of 31 March, has been accounted for as an associate and included on the SOFA and balance sheet using the equity method.

Notes to the financial statements

For the year ended 31 March 2019

2 Donations and legacies

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total funds 2019 £'000	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000
Donations through Charities Aid Foundation	1,779	-	1,779	1,768	-	1,768
Other donations and voluntary income	149	12	161	2	19	21
	1,928	12	1,940	1,770	19	1,789

3 Charitable activities

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

	Membership subscriptions, conference delegate fees and charitable purpose contracts 2018 £'000	Unrestricted grants and sponsorships 2018 £'000	Restricted grants and sponsorships 2018 £'000	Total 2018 £'000
Membership subscriptions	1,078	-	-	1,078
Advisory services and information	1,005	-	268	1,273
Campaigns and communications	-	17	26	43
Education and training	900	36	-	936
Policy	6	-	-	6
Research	141	7	87	235
	3,130	60	381	3,571

Notes to the financial statements

For the year ended 31 March 2019

3 Charitable activities – grant and project income

	Total funds 2019 £'000	Total funds 2018 £'000
Unrestricted		
Zurich – various	47	-
Phoenix – website	18	15
Other unrestricted income under £15,000	85	45
Total unrestricted	150	60
Restricted		
National Lottery Community Fund – Safeguarding Training Fund	427	-
Department of Health – Health and Wellbeing Alliance core grant	50	50
National Lottery Community Fund – Trusted Charity Mark in Wales	32	81
Lloyds Bank Foundation for England and Wales – Collaboration between small and large organisations in public service delivery	27	-
New Philanthropy Capital – NCVO Charities Evaluation Services	17	28
Clothworkers Company – Governance Code	13	-
Greater London Authority – Family volunteering research	10	-
Garfield Weston Foundation – Funding Central	10	15
Fidelity Foundation – Funding Central	10	15
Arts Council – Cultural Commissioning	6	-
Barrow Cadbury Trust – Governance Code	6	1
NHS England – Volunteering guidance	5	-
Esmée Fairbairn Foundation – Funding Central	5	15
Health and Wellbeing Alliance – STP work	-	59
City Bridge Trust – Effectiveness of mentoring and befriending projects	-	10
Economic and Social Research Council – Data entry	-	51
Joseph Rowntree Charitable Trust – Constructive Voices	-	40
Indigo Trust – Research	-	15
Barrow Cadbury Trust – Anti-advocacy work (not paid)	-	(7)
Lankelly Chase – Anti-advocacy work (not paid)	-	(7)
Other grants under £15,000 (not requiring separate disclosure)	-	15
Total restricted	618	381
Total grants and project income	768	441

4 Other trading activities (all unrestricted)

	2019 £'000	2018 £'000
Conference suite hire	1,895	1,739
Fees for services	687	570
Quality standards	384	301
Brokered services	246	337
Publications	12	35
	3,224	2,982

Notes to the financial statements

For the year ended 31 March 2019

5 Investments (all unrestricted)

	Unrestricted funds 2019 £'000	Unrestricted funds 2018 £'000
Dividends and interest	90	66

6 Expenditure

	Staff costs 2019 £'000	Premises costs 2019 £'000	Grant making 2019 £'000	Support costs 2019 £'000	Other expenses 2019 £'000	Governance costs 2019 £'000	Total 2019 £'000
Raising funds	937	51	-	90	310	18	1,406
Charitable expenditure:							
Advisory services and information	1,991	130	-	250	842	51	3,264
Campaigns and communications	936	56	-	108	228	22	1,350
Education	583	60	-	115	410	24	1,192
Policy	359	24	-	45	22	9	459
Research	350	22	-	42	123	9	546
Other:	95	-	-	-	103	-	198
	5,251	343	-	650	2,038	133	8,415

	Staff costs 2018 £'000	Premises costs 2018 £'000	Grant making 2018 £'000	Support costs 2018 £'000	Other expenses 2018 £'000	Governance costs 2018 £'000	Total 2018 £'000
Raising funds	909	48	-	91	247	16	1,311
Charitable expenditure:							
Advisory services and information	1,907	134	3	256	1,047	46	3,393
Campaigns and communications	1,027	78	-	148	225	27	1,505
Education	397	32	-	60	451	11	951
Policy	270	18	-	34	3	6	331
Research	411	25	-	49	147	9	641
Other:	22	1	50	-	71	-	144
	4,943	336	53	638	2,191	115	8,276

Notes to the financial statements

For the year ended 31 March 2019

6 Expenditure (continued)

'Other expenses' include commissioning £1.2m (2018: £1.6m), consumables £0.2m (2018: £0.2m) and events £0.2m (2018: £0.2m). Commissioning includes fees paid to associates and quality assurance assessors, as well as amounts for technology development.

Support costs are made up of the following expenditure:

	2019 £'000	2018 £'000
Accommodation costs	320	272
Travel costs	23	19
Telephone, printing, postage and stationery	36	26
Equipment and IT costs	134	155
Professional fees and consultancy	128	152
Other overheads	9	14
Total	650	638

No grants or partnership payments were made during the year:

	Total funds 2019 £'000	Total funds 2018 £'000
Cultural Commissioning		
Manchester City Council	-	3
	-	3
CASS Fellowship	-	50
Total grants and partnership fees paid	-	53

Dr Justin Davis Smith, who was previously a member of NCVO's senior management team and left the organisation on 31 March 2016, was subsequently employed by CASS Business School to undertake research, lecturing and academic studies on volunteering. The grant of £50k paid in 2018 contributed to this work programme.

Notes to the financial statements

For the year ended 31 March 2019

7 Employees

	2019	2018
	£'000	£'000
Wages and salaries	3,728	3,733
Social security	372	348
Pension costs	594	424
Redundancy costs	61	49
Temporary staff and staff training	572	434
	5,327	4,988

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

	2019	2018
	number	number
Generating funds	12	13
Advisory services and information	35	37
Campaigns and communications	22	21
Education and training	9	9
Policy	6	5
Research	6	7
	90	92

The number of employees whose benefits were over £60,000 during the year (excluding employer pension contributions but including redundancy and payments in lieu of notice) was:

	2019	2018
	number	number
£70,000–£80,000	-	1
£80,001–£90,000	3	3
£130,001–£140,000	-	1
£140,001–£150,000	1	-

Three of the above staff are members of the defined contribution pension scheme (2018: 4). None are currently paying contributions into the defined benefit scheme. The pension costs for these employees are £22,920 (2018: £26,632).

Notes to the financial statements

For the year ended 31 March 2019

In April 2014, NCVO published guidance for trustees on setting pay for senior staff in charities, with which we comply. In addition to the regulatory requirement to publish the number of employees in pay bands over £60,000 and to publish the total employee benefits received by key management personnel, we also publish the names, roles and remuneration of our senior management team, along with an explanation of how we set salaries for the senior management team and other NCVO staff. These details for 2018/19 are included in the trustees' report. The amounts paid to the senior management team during 2018/19 were:

		Salary £	Employer's NIC £	Pension contributions £	Total 2018/19 £	Total 2017/18 £
Sir Stuart Etherington	Chief Executive	141,400	18,370	-	159,770	156,650
Susan Cordingley	Director of Planning and Resources	89,879	10,776	7,640	108,295	106,184
Karl Wilding	Director of Public Policy and Volunteering	89,879	10,031	7,640	107,550	105,789
Richard Williams	Director of Enterprise and Development	89,879	11,304	7,640	108,823	106,681

8 Net income for the year

This is stated after charging:

	2019 £'000	2018 £'000
Auditor's remuneration		
– audit fees	26	27
Depreciation	340	334
Bank charges	24	23
Bank interest – on building loan	45	41
Trustees' expenses	2	2

No members of the trustee board received any remuneration during the year. Expenses do not form part of remuneration and are separately disclosed below. NCVO has corporate membership of The House of St Barnabas, a social enterprise organisation which is a member of NCVO. A number of senior staff and trustees are included in this corporate membership, which means they can use the meeting rooms and other facilities at The House of St Barnabas. Trustees believe that there are adequate systems in place to manage expenses and that all expenses were incurred in proper pursuit of NCVO's charitable objectives.

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

Notes to the financial statements

For the year ended 31 March 2019

NCVO Members' Assembly member expenses, are summarised in the following table. These were incurred in accordance with budget and reflect the significant activity during the year.

	Subsistence 2019 £	UK travel 2019 £	Entertaining /networking 2019 £	Overseas travel 2019 £	Other 2019 £	Total claimed 2019 £	Total claimed 2018 £
Chief Executive's Office	1,499	5,182	8,651	-	370	15,702	12,803
Director of Public Policy and Volunteering	193	2,434	1,375	204	50	4,256	2,867
Director of Planning and Resources	-	136	123	-	-	259	498
Director of Enterprise and Development	79	912	1,789	138	-	2,918	2,885
	1,771	8,664	11,938	342	420	23,135	19,053
Trustees	858	1,094	-	-	-	1,952	2,310
NCVO Members' Assembly	-	1,301	-	-	-	1,301	863

Travel and subsistence expenses reimbursed to five trustees in the period amounted to £1,952 (2018: £2,310 to eight trustees), including amounts paid directly by NCVO. Travel and subsistence expenses incurred for the NCVO Members' Assembly amounted to £1,301 (2018: £863).

9 Tangible fixed assets (group and charity)

	Freehold land and buildings £'000	Plant and equipment £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 April 2018	4,919	965	1,404	1,947	9,235
Additions	-	-	225	54	279
Disposals	-	-	-	-	-
At 31 March 2019	4,919	965	1,629	2,001	9,514
Depreciation					
At 1 April 2018	1,819	237	1,268	1,520	4,844
Charge for the year	99	49	91	101	340
Disposals	-	-	-	-	-
At 31 March 2019	1,918	286	1,359	1,621	5,184
Net book value					
At 31 March 2018	3,100	728	136	427	4,391
At 31 March 2019	3,001	679	270	380	4,330

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

Notes to the financial statements

For the year ended 31 March 2019

10 Investments (group and charity)

	Listed £'000	Cash £'000	Total £'000
Market value			
At 1 April 2018	2,256	75	2,331
Purchase of investments	643	(643)	-
Sale of investments	(511)	511	-
Additional sum invested	-	133	133
Realised gains	62	10	72
Unrealised investment gain	6	-	6
Dividend income received	-	76	76
Dividend income transferred to Barclays	-	(68)	(68)
Investment management fees	-	(17)	(17)
Exchange loss	(2)	1	(1)
At 31 March 2019	2,454	78	2,532

NCVO Trading Limited is a wholly owned subsidiary of NCVO and holds 33% of the shares in Trustees Unlimited LLP. Trustees Unlimited LLP provides a search-and-selection service in respect of trustees and directors including the provision of advice, training and consultancy on governance and other relevant issues. The accounting reference date of Trustees Unlimited LLP is 31 March and it has been accounted for as an associate and included on the SOFA and balance sheet using the equity method.

11 Stocks (group and charity)

	2019 £'000	2018 £'000
Publications	2	17

12 Debtors

	Consolidated 2019 £'000	Consolidated 2018 £'000	NCVO 2019 £'000	NCVO 2018 £'000
Debtors	861	1,023	594	756
Accrued income	294	259	253	231
Amount due from subsidiary	-	-	944	1,339
Prepayments	212	214	209	212
	1,367	1,496	2,000	2,538

Notes to the financial statements

For the year ended 31 March 2019

13 Creditors: amounts falling due within one year

	Consolidated 2019 £'000	Consolidated 2018 £'000	NCVO 2019 £'000	NCVO 2018 £'000
Bank loan (secured – see note 14)	93	93	93	93
Taxation and social security	267	225	146	158
Other creditors	418	253	388	239
Accrued expenditure	279	347	265	337
Deferred income	1,536	1,531	1,439	1,436
	<u>2,593</u>	<u>2,449</u>	<u>2,331</u>	<u>2,263</u>

14 Creditors: amounts falling due after more than one year

	Consolidated 2019 £'000	Consolidated 2018 £'000	NCVO 2019 £'000	NCVO 2018 £'000
Membership deferred over one year	57	62	57	62
Bank loan (secured)	1,690	1,779	1,690	1,779
	<u>1,747</u>	<u>1,841</u>	<u>1,747</u>	<u>1,841</u>
Analysis of loan repayments				
Within one year	93	93	93	93
Between one and two years	93	93	93	93
Between two and five years	1,597	1,686	1,597	1,686
Balance at 31 March	<u>1,783</u>	<u>1,872</u>	<u>1,783</u>	<u>1,872</u>

NCVO owns the freehold of the building it occupies at Society Building, All Saints Street, London N1 9RL. A loan was taken out with Barclays Bank to fund a building construction project on the same property, which was completed during 2012/13. The loan is secured by legal mortgage over the property. The loan is fully drawn, for a total of £2.3m at a rate of LIBOR +1.75% for a 20-year period with a five-year renewable term in July 2021.

Notes to the financial statements

For the year ended 31 March 2019

Reconciliation of deferred income 2018/19

	Released into 2018/19 £'000	Deferred to future years £'000
Apportionment of subscription over period of membership	525	548
Future elements of three-year memberships	164	177
Membership subs invoiced in advance (run from April)	123	111
Quality standards invoiced in advance (account for stages completed during year)	406	323
Annual Conference income invoiced in advance	159	168
Training invoiced in advance (courses running post year-end)	34	91
Consultancy work invoiced in advance (account for element completed in year)	31	86
Tenants' rental income and dilapidations payment invoiced in advance	44	33
Future elements of three-year TCM online subscription	9	17
Step on Board sessions delivered post year-end	61	16
Web sponsorship for future periods	-	9
Centenary Windsor event bursaries	-	6
Contribution to costs of survey not yet undertaken	4	4
Publications trade sales: sale or return	2	2
Conference suite invoiced in advance	3	2
Trustee Conference sponsorship invoiced in advance	17	-
Garfield Weston support for Funding Central paid in advance	10	-
Total	1,593	1,593
Being deferred income included in:		
Creditors: amounts falling due within one year		1,536
Creditors: amounts falling due after more than one year		57
		1,593

Notes to the financial statements

For the year ended 31 March 2019

Reconciliation of deferred income 2017/18

	Released into 2017/18 £'000	Deferred to future years £'000
Apportionment of subscription over period of membership	467	525
Future elements of three-year memberships	122	164
Membership subs invoiced in advance (run from April)	119	122
Quality standards invoiced in advance (account for stages completed during year)	203	406
Annual Conference income invoiced in advance	158	159
Training invoiced in advance (courses running post year-end)	31	34
Consultancy work invoiced in advance (account for element completed in year)	35	31
Tenants' rental income and dilapidations payment invoiced in advance	74	44
Future elements of three-year TCM online subscription	-	9
Step on Board sessions delivered post year-end	45	61
Contribution to costs of survey not yet undertaken	4	4
Publications trade sales: sale or return	2	2
Conference suite invoiced in advance	11	2
Trustee Conference sponsorship invoiced in advance	11	17
Support for Funding Central paid in advance	25	10
Licence running across financial years	5	-
Total	1,313	1,592,799
Being deferred income included in:		
Creditors: amounts falling due within one year		1,531
Creditors amounts falling due after more than one year		62
		1,593

15 Operating leases

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

	2019 £'000	2018 £'000
Within one year	12	12
Two to five years	6	17
	18	29

Notes to the financial statements

For the year ended 31 March 2019

16 Analysis of net group assets

	Unrestricted general 2019 £'000	Unrestricted designated 2019 £'000	Restricted 2019 £'000	Total funds excluding pension fund 2019 £'000	Pension fund 2019 £'000	Total 2019 £'000
Tangible fixed assets	-	4,330	-	4,330	-	4,330
Investments	2,552	-	-	2,552	-	2,552
Net current assets (excluding loan)	765	708	548	2,021	-	2,021
Deferred membership due after more than one year	(57)	-	-	(57)	-	(57)
Pension fund	-	-	-	-	(3,154)	(3,154)
Loan	-	(1,783)	-	(1,783)	-	(1,783)
Total	3,260	3,255	548	7,063	(3,154)	3,909

NCVO's readily realisable reserves of £3.3m (2018: £3.7m) are made up of investments and net current assets, adjusted for loans.

	Unrestricted general 2018 £'000	Unrestricted designated 2018 £'000	Restricted 2018 £'000	Total funds excluding pension fund 2018 £'000	Pension fund 2018 £'000	Total 2018 £'000
Tangible fixed assets	-	4,391	-	4,391	-	4,391
Investments	2,511	-	-	2,511	-	2,511
Net current assets (excluding loan)	1,241	289	147	1,677	-	1,677
Deferred membership	(62)	-	-	(62)	-	(62)
Pension fund	-	-	-	-	(3,385)	(3,385)
Loan	-	(1,872)	-	(1,872)	-	(1,872)
Total	3,690	2,808	147	6,645	(3,385)	3,260

Notes to the financial statements

For the year ended 31 March 2019

17 Movement in group funds

Unrestricted and designated funds

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

	Balance 1 April 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net gains £'000	Balance 31 March 2019 £'000
Fixed assets	2,519	-	-	28	-	2,547
Property maintenance	28	-	-	-	-	28
Centenary fund	261	-	(93)	(49)	-	119
Digital investment		-	(105)	459	-	354
NCVO Excellence		-	(36)	160	-	124
Policy development including tax commission		-	(8)	50	-	42
Volunteering research		-	(53)	60	-	7
Other		-	(14)	48	-	34
Designated funds	2,808	-	(309)	756	-	3,255
General funds	3,690	8,322	(7,516)	(1313)	77	3,260
Pension reserves	(3,385)	-	(361)	557	35	(3,154)
	3,113	8,322	(8,186)	-	112	3,361

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

	Balance 1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net gains £'000	Balance 31 March 2018 £'000
Fixed assets	2,674	-	-	(155)	-	2,519
Property maintenance	28	-	-	-	-	28
Centenary fund	318	-	(57)	-	-	261
Designated funds	3,020	-	(57)	(155)	-	2,808
General funds	3,449	8,177	(7,599)	(392)	55	3,690
Pension reserves	(4,493)	-	(210)	532	786	(3,385)
	1,976	8,177	(7,866)	(15)	841	3,113

The total income figure of £8.2m includes the share of the operating profit of joint ventures referenced on the SOFA.

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

- **Fixed assets**

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

- **Centenary fund**

Notes to the financial statements

For the year ended 31 March 2019

The trustees established this fund to resource activity to celebrate NCVO's centenary in 2019. This programme of work will focus on NCVO's past, present and future. It is anticipated that the funds will be spent over the three-year period to 31 March 2020. We expect to spend less than the original allocation, resulting in a £49k transfer back to general funds.

- **Digital investment**

Trustees have allocated funds from reserves for a number of digital projects, including the development of an API, replacement of the finance system and an online payments platform.

- **NCVO Excellence**

Trustees approved funding to develop existing NCVO quality standards, including offering services digitally.

- **Policy developments including tax commission**

Trustees established an independent charity tax commission in October 2017, to undertake a full review of the impact of the tax system on charities and develop a long-term strategic approach to fiscal policy towards the voluntary sector.

- **Volunteering research**

NCVO undertook a national survey into the volunteering experience, resulting in the Time Well Spent report.

Notes to the financial statements

For the year ended 31 March 2019

17 Movement in group funds (continued)

Restricted funds 2018/19

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

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

- Safeguarding Training Fund: The National Lottery Community Fund**
A partnership project to develop high-quality resources and guidance on how to improve safeguarding practice and foster safe culture. These will be freely available to the voluntary sector and easy to access through a new safeguarding gateway.
- Rebalancing the Relationship: Lloyds Bank Foundation for England and Wales**
A partnership between NCVO, ACEVO and Lloyds Bank Foundation project to understand and address how collaboration between large and small voluntary organisations can improve to deliver the best outcomes for service users, ensure the diversity of the sector and protect local economies.
- Constructive Voices: Joseph Rowntree Charitable Trust**
A project highlighting the positive impact of the voluntary sector and promoting constructive journalism.
- Governance: Code**
For the provision of ongoing stewardship of the Code.

Notes to the financial statements

For the year ended 31 March 2019

- **Trusted Charity Mark in Wales: The National Lottery Community Fund**
Funding to adapt and develop the NCVO Excellence quality standard materials and tools and embed sustainable support networks amongst the sector in Wales.
- **Plowden Fellowship**
Fellowship to take up themes of good governance.
- **Public Trust**
Work to preserve public trust and confidence in the sector.
- **Family volunteering research: Greater London Authority**
A research project to explore the links between family and volunteering, in order to support volunteer-involving organisations to develop or enhance volunteering opportunities for family members.
- **NCVO Charities Evaluation Services: New Philanthropy Capital**
Supporting charities through the Inspiring Impact programme.
- **Leadership (legacy)**
Legacy for leadership (Winifred Tumim) and for music for people with learning difficulties (Diana Kurzman).
- **CSIS Charity Fund: Working for a Charity bursaries**
Bursaries for people who have worked in the public sector who wish to attend Working for a Charity courses in order to transfer their skills to the voluntary sector.

Restricted funds 2017/18

	1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2018 £'000
NCVO Charities Evaluation Services: Calouste Gulbenkian Foundation	3	-	(3)	-	-
NCVO Charities Evaluation Services: New Philanthropy Capital	15	28	(31)	-	12
NCVO Charities Evaluation Services: Trust for London	10	-	(10)	-	-
Cultural Commissioning: Arts Council	45	-	(45)	-	-
Governance Code	9	1	(8)	-	2
CSIS Charity Fund: Working for a Charity bursaries	2	-	-	-	2
Leadership (legacy)	5	-	(1)	-	4
Volunteer Guidance: NHS	4	(5)	-	1	-
Health and Wellbeing Alliance core grant: Department of Health	-	50	(50)	-	-
Increasing voluntary sector involvement in health transformation: Department of Health	-	59	(40)	-	19
Data partnership including data entry: Economic Research Council	1	51	(52)	-	-
360Giving – Data project: Indigo Trust	-	15	-	-	15
Plowden Fellowship	25	1	(6)	-	20
Funding Central	13	45	(58)	-	-
PQASSO Wales: Big Lottery Fund	-	81	(53)	-	28
Constructive Voices: Joseph Rowntree Charitable Trust	-	40	(3)	-	37
Various: Public Trust	8	-	-	-	8
Anti-advocacy clause: Lankelly Chase	-	(7)	-	7	-
Anti-advocacy clause: Barrow Cadbury	-	(7)	-	7	-
Other restricted grants and donations under £20,000 (not requiring separate disclosure)	2	48	(50)	-	-
Total	142	400	(410)	15	147

Those areas with restricted funds to be carried forward into 2018/19 are briefly described below:

- **NCVO Charities Evaluation Services: New Philanthropy Capital**
To support charities through its Inspiring Impact programme.
- **Governance: Code**
For the provision of ongoing stewardship of the Code.
- **CSIS Charity Fund: Working for a Charity bursaries**

Notes to the financial statements

For the year ended 31 March 2019

Bursaries for people who have worked in the public sector who wish to attend Working for a Charity courses in order to transfer their skills to the voluntary sector.

- **Leadership (legacy)**
Legacy for leadership (Winifred Tumim) and for music for people with learning difficulties (Diana Kurzman).
- **Increasing voluntary sector involvement in health transformation**
A project to increase voluntary sector involvement in sustainability and transformation partnerships and/or accountable care systems, by providing knowledge development and peer support to eight cross-sector teams.
- **360Giving data research work**
A research project for Indigo Trust, linking 360Giving dataset to NCVO's Almanac dataset.
- **Volunteer Guidance: NHS**
A project to identify and disseminate the emerging best practice in volunteering in this sector.
- **Plowden Fellowship**
Fellowship to take up themes of good governance.
- **Constructive Voices**
A project highlighting the positive impact of the voluntary sector and promoting constructive journalism.
- **Public Trust**
Work to preserve public trust and confidence in the sector.

Other funds

NCVO also manages other charitable funds on behalf of other trusts through its investment managers, UBS. The total value of the investments, which are held in a separate portfolio, stands at £859k (2018: £1.1m 2017). In addition, £221k (2018: £209k) is held in a separate bank account. These funds are excluded from NCVO's accounts.

Notes to the financial statements

For the year ended 31 March 2019

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

	2019 £'000	2018 £'000
Net income for the year	600	187
Adjustments for:		
Depreciation	340	334
Gain on investments	(77)	(55)
Donation from the Corcos Trust invested	(133)	-
Dividends and interest from investments	(90)	(66)
Interest on bank loan	45	41
Non-cash difference between defined benefit pension contributions paid and amount charged to SOFA	(196)	(322)
Decrease/(increase) in stocks	15	(3)
Decrease/(increase) in debtors	129	(83)
Increase in creditors	139	44
Net cash provided by operating activities	773	77

Notes to the financial statements

For the year ended 31 March 2019

19 Post-employment benefits

The charity operates two pension schemes, a defined contribution pension scheme for employees and a defined benefits pension scheme (the assets of which are held separately from the charity), which was closed on 31 March 2011.

a) Pension costs charge in the year

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

		2019	2018
	Note	£'000	£'000
Defined contribution scheme costs		222	214
Defined benefit scheme past service cost (GMP equalisation)		181	-
Defined benefit scheme expenses		100	99
Defined benefit scheme interest cost		80	111
Total cost	7	594	424

b) Defined benefit scheme

The charity operates a defined benefit scheme in the UK which is closed to new entrants and future accrual. This is a separate trustee-administered fund holding the pension scheme assets to meet long-term pension liabilities. A full actuarial valuation was carried out at 30 September 2016 and updated to 31 March 2018 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The latest actuarial tri-annual valuation at 30 September 2016 showed a deficit of £6.8m. NCVO has agreed with the pension fund trustee that it will aim to eliminate the deficit over a period of 11 years from 1 April 2018, by the payment of annual contributions (payable monthly) of £470,000 per annum from 1 April 2018 until 31 March 2029, increasing at 3% per annum on 1 April 2019 and on each 1 April thereafter. In addition, the employer will pay £87,121 per annum in respect of the expenses of running the scheme including the Pension Protection Fund Levy.

Assumptions

	2019	2018
	%	%
Rate of increase in salaries	4.30	4.20
Rate of increase in pensions in payment	2.35	2.25
Discount rate	2.35	2.55
Inflation assumption (CPI)	2.30	2.20

The mortality assumptions adopted at 31 March 2019 imply the following life expectations:

	2019 Years
Male retiring in 2019	22.1
Female retiring in 2019	23.9
Male retiring in 2039	23.5

Notes to the financial statements

For the year ended 31 March 2019

Female retiring in 2039

25.1

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

	2019	2018
	£'000	£'000
Fair value of plan assets	26,229	25,014
Present value of defined benefit obligation	(29,383)	(28,399)
Deficit in scheme and liability recognised	(3,154)	(3,385)

Reconciliation of opening and closing balances of the defined benefit obligation

	2019	2018
	£'000	£'000
Defined benefit obligation at start of period	28,399	28,786
Expenses	100	99
Interest expenses	712	736
Past service costs (GMP equalisation)	181	-
Benefits paid and expenses	(939)	(1,023)
Actuarial loss/(gain) on changes in financial and demographic assumptions	1,132	(305)
Experience (gain)/loss on liabilities	(202)	106
	29,383	28,399

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

	2019	2018
	£'000	£'000
Fair value of scheme assets at start of period	25,014	24,293
Interest income	632	625
Return on assets excluding interest income	965	587
Contributions by the employer	557	532
Benefits paid and expenses	(939)	(1,023)
	26,229	25,014

Actuarial gain/(loss) recognised in the SOFA

	2019	2018
	£'000	£'000
Gain on scheme assets	965	587
Experience gain/(loss) arising on the scheme liabilities	202	(106)
(Loss)/gain as a result of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(1,132)	305
Total actuarial gain recognised in SOFA	35	786

Notes to the financial statements

For the year ended 31 March 2019

19 Post-employment benefits – defined benefit scheme (continued)

Scheme assets

	2019	2018
	£'000	£'000
Equity type assets	13,072	13,258
Bonds	11,534	10,328
Property	1,402	1,616
Other	121	(188)
Total assets	26,129	25,014

20 Taxation

NCVO is a registered charity and as such is not liable to tax on its income and gains that meet the tax exemptions. The charity's trading subsidiary, NCVO Trading Limited, is liable to tax on any profits not paid to the charity under deed of covenant.

21 Related parties

The charity owns 100% of the issued share capital in NCVO Trading Limited. The results of the trading company are shown in note 22 to the accounts.

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

NCVO holds an investment of 33% in Trustees Unlimited LLP, a related party joint venture between NCVO Trading Limited, Russam GMS and Bates Wells Braithwaite, which each holds a third of the shares. This investment was purchased in 2009/10 at a cost of £1,000, which was repaid by the LLP during 2010/11. Trustees Unlimited LLP has been accounted for as an associate and included on the SOFA and balance sheet using the equity method.

The wife of Sir Stuart Etherington, chief executive of NCVO, is an equity partner with Bates Wells Braithwaite London LLP, NCVO's legal advisers. NCVO has a policy in place to avoid any potential conflicts of interest arising by ensuring that any decision to enter into a new business relationship with Bates Wells Braithwaite is approved by the chair or, in his absence, the deputy chair or honorary treasurer. All significant elements of work involving Bates Wells Braithwaite are overseen by the director of planning and resources and reported to the chair and honorary treasurer on a regular basis. Professional fees of £17k were paid to Bates Wells Braithwaite during the year for legal advice. NCVO jointly runs its annual trustee conference with Bates Wells Braithwaite and is a partner with them in Trustees Unlimited LLP.

Notes to the financial statements

For the year ended 31 March 2019

22 Subsidiary and parent company results

The charity owns 100% of the issued share capital in NCVO Trading Limited. The company made a profit of £1.6m for the year ended 31 March 2019 (2018: £1.5m). The investment at cost is £1.

	2019 £'000	2018 £'000
Summary profit and loss account		
Turnover	2,623	2,300
Cost of sales	(955)	(764)
Gross profit	1,668	1,536
Expenditure	(111)	(50)
Net profit from operations	1,612	1,486
Payable to NCVO under deed of covenant	(1,557)	(1,486)
Summary balance sheet		
Fixed assets – investments	-	145
Debtors	311	297
Cash at bank and in-hand	895	1,084
	1,206	1,526
Creditors: amounts falling due within one year	(1,206)	(1,526)
Creditors: amounts falling due after one year	-	-
Net assets	-	-