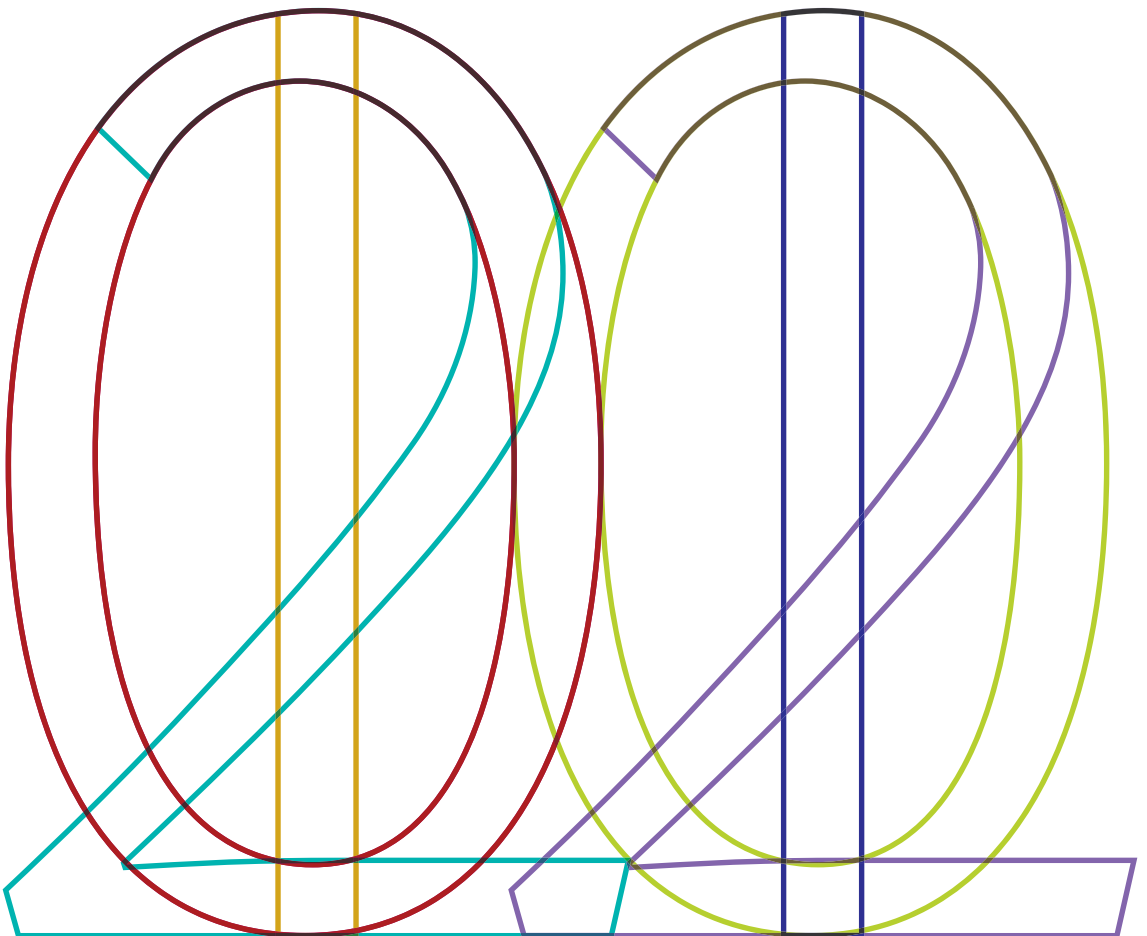
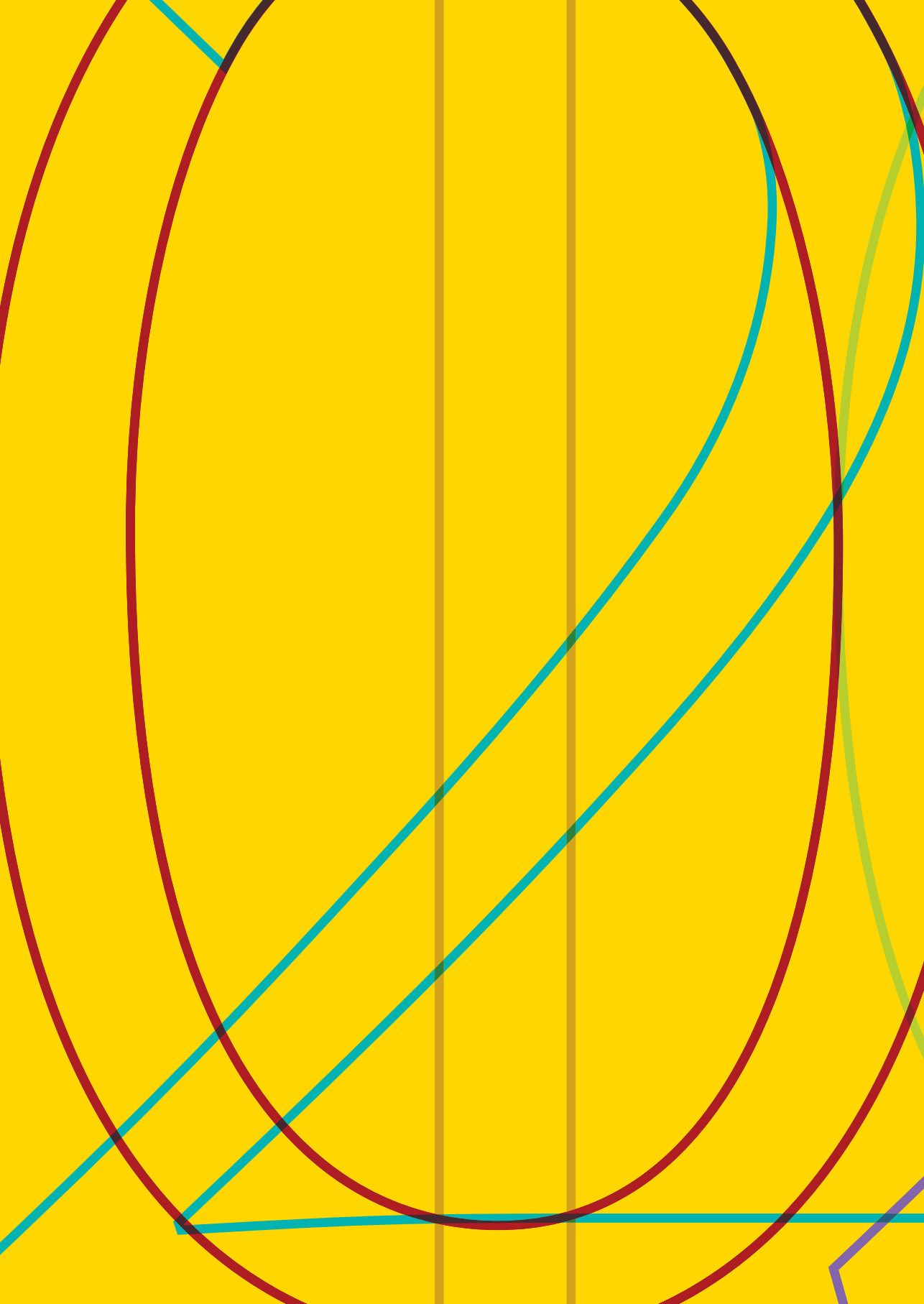


# Annual Report and Accounts 2010/11





National Council for Voluntary Organisations

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# REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Company number: 198344  
Charity number: 225922

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# REFERENCE & ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

## Patron

Her Majesty the Queen

## President

Lord Hodgson of Astley Abbotts

## NCVO TRUSTEE BOARD

### Honorary Officers

#### Chair

Martyn Lewis CBE (Appointed 24 November 2010)  
Sir Graham Melmoth (Resigned 24 November 2010)

#### Vice Chair

Jo Ash

#### Honorary Treasurer

Helen Simmons  
(formerly Helen Verney)

#### Trustees

Dominic Fox  
Helen Voce (Resigned 24 November 2010)

Jamie Dear  
Margaret Coleman  
Jonathan Moore  
Alison Roylance-White (Resigned 6 May 2011)

Dame Clare Tickell  
Dame Julia Cleverdon  
Julian Mason  
Tom Mullarkey MBE (Appointed 24 November 2010)

## HR & REMUNERATION COMMITTEE

### Chair

Martyn Lewis CBE (Trustee)

### Trustees

Helen Voce (Resigned 24 November 2010)  
Julian Mason

### Independents

Ann Cummins  
Wendy Blake Ranken

## AUDIT & RISK COMMITTEE

### Chair

David Locke (Independent)

### Trustees

Jo Ash  
Alison Roylance-White (Resigned 6 May 2011)  
Helen Simmons

### Independents

Pesh Framjee  
Peter Heap

## NOMINATIONS COMMITTEE

### Chair

Martyn Lewis CBE (Trustee)

### Trustees

Jo Ash  
Jonathan Moore  
Dominic Fox

### Independents

Erica De'Ath  
Jane Slowey CBE

## CHIEF EXECUTIVE

Sir Stuart Etherington

## COMPANY SECRETARY

Sarah Welsh

## NCVO MEMBERS' ASSEMBLY

### Electoral College

Culture and Recreation  
 Culture and Recreation  
 Education, Employment & Training, Research  
 Education, Employment & Training, Research  
 Health  
 Health  
 Social Services  
 Social Services  
 Environment and Animal Welfare  
 Environment and Animal Welfare  
 Economic Development & Housing  
 Economic Development & Housing  
 Equality of Opportunity, Law and Advocacy  
 Equality of Opportunity, Law and Advocacy  
 Resource and Umbrella Organisations  
 Resource and Umbrella Organisations  
 International Activities  
 International Activities  
 Business and Professional Associations, Unions  
 Business and Professional Associations, Unions  
 Religion  
 Religion  
 Eastern  
 Eastern  
 East Midlands  
 East Midlands  
 London  
 London  
 North East  
 North East  
 North West  
 North West  
 South East  
 South East  
 South West  
 South West  
 South West  
 West Midlands  
 West Midlands  
 Yorkshire & Humberside  
 Yorkshire & Humberside

### Name

Mark Pemberton  
 Robin Simpson  
 Emma Cox  
 Catherine McGrath  
 Lindsay Hayes  
 Karen Bollan  
 Hugh Thornbery  
 Sarah King  
 Ron Fern  
 Anne Robinson  
 Jo Ansell  
 Heather Petch  
 Teresa Perchard  
 Simon Johnson  
 Sally Whitaker  
 Caron Bradshaw  
 Vijay Krishnarayan  
 Nick Roseveare  
 John Martin  
 Ann Lawson-Porter  
 Simon Kingston  
 Andrew Davey  
 Kate Belinis  
 Heather Farley  
 Jenny Hand  
 Esther Jones  
 Helen Rice  
 Ruth Mordi  
 Daoud Zaaroura  
 Belinda Lowes  
 Barbara Lowndes  
 Penelope Fell  
 Caroline Shaw  
 Ray Kipling  
 Stephen Woollett  
 Tarn Lamb  
 Marcia Lewinson  
 Doreen Osbourne  
 Penny Stanley  
 Steve Hopewell

### Appointed

18th February 2009  
 26th November 2008  
 18th February 2009  
 18th February 2009  
 18th February 2009  
 26th November 2008  
 18th February 2009  
 18th February 2009  
 18th February 2009  
 26th November 2008  
 Resigned 28th January 2011  
 26th November 2008  
 18th February 2009  
 25th November 2009  
 18th February 2009  
 24th November 2010  
 18th February 2009  
 25th November 2009  
 18th February 2009  
 Resigned 16th March 2011  
 18th February 2009  
 18th February 2009  
 18th February 2009  
 18th February 2009  
 18th February 2009  
 26th November 2008  
 18th February 2009  
 18th February 2009  
 18th February 2009  
 24th November 2010  
 25th November 2009  
 18th February 2009  
 24th November 2010  
 18th February 2009  
 26th November 2008  
 18th February 2009  
 18th February 2009

## AUDITORS

PKF (UK) LLP

## BANKERS

Co-operative Bank

## INVESTMENT MANAGERS

Sarasin and Partners LLP

## REGISTERED OFFICE AND OPERATIONAL ADDRESS

Regent's Wharf, 8 All Saints Street  
 London N1 9RL

**Registered Charity No.** 225922

**Company Registration No.** 198344

# FROM THE CHAIR

THIS ANNUAL REPORT ALLOWS US TO REFLECT ON NCVO'S ACTIVITIES OVER THE YEAR 2010-11, IN ORDER TO DETERMINE OUR PROGRESS TOWARDS OUR TOP LEVEL OUTCOMES AND TO REVIEW OUR PLANS FOR THE FUTURE.

NCVO SUCCEEDED IN BOTH SUPPORTING THE VOLUNTARY AND COMMUNITY SECTOR AND ENABLING ITS VOICE TO BE HEARD IN WHAT WAS A CHALLENGING YEAR FOR MANY OF OUR MEMBERS.

WE MADE SIGNIFICANT PROGRESS ON ALL THE OUTCOMES SET FOR THE YEAR AND SAW MEMBERSHIP GROW SUBSTANTIALLY FROM 7,719 TO 8,375.

I became chair here after the 2010 AGM in November and I first want to talk a little about Sir Graham Melmoth who chaired NCVO for two full terms, from 2004 to 2010.

Sir Graham helped steer us through massive structural changes which improved our governance. He also oversaw the introduction of the members assembly which gave our membership an even stronger voice within our organisation.

There can be no greater service to an incoming chairman than to have seen a reduction in the board from 40 members to 12!

I was glad to see Sir Graham continue his involvement in the sector by serving as a member of the Red Tape Taskforce, which was chaired by NCVO president Lord Hodgson and aimed to remove some of the barriers which inhibit the growth of civil society.

I know everyone who has been involved with NCVO, worked in the sector we serve or who has benefited from the work of civil society, will join me in thanking him for his years of hard work.

At the start of the financial year we already knew the sector was going to be severely squeezed by reduced public spending. At the same time the economic downturn would mean more people than ever needing help from our members as poverty, and the many social problems that come with it, grew.

To make sure we were as sustainable an organisation as possible we began a restructuring programme which reduced our size in keeping with the predicted income drop.

We didn't just want to build a new structure for the organisation, we wanted to create a more joined-up and efficient NCVO so that we could continue to improve the support we give our members.

It was a moment of great sadness when, on 31 March, 2011, we made one third of our staff redundant, some of whom had been with NCVO for decades.

I would personally like to pay tribute to them and wish them well for the future.

Our new structure became effective from 1 April.

Throughout the year we continued to fulfil our promise to be a strong voice for the sector and have influenced debate on a number of important issues.

It was at our Annual Conference last year that Eric Pickles, Secretary of State for Communities and Local Government, announced he would consider laws to stop councils passing on disproportion funding cuts to voluntary and community organisations.

NCVO staff have had several meetings with the government and brokered a meeting between the Public Service Delivery Network and David Cameron to discuss the Big Society, spending cuts and the government's localism agenda.

Our Chief Executive became Sir Stuart Etherington in the Queen's birthday honours and now represents UK civil society in Europe via his membership of the European Economic and Social Council (EESC).

We also submitted evidence to the Charity Commission strategic review, responded to the Green Paper on Giving and submitted evidence to the Treasury on Gift Aid Reform and tax reliefs for social investment.

Our Research team received an award from the Social Policy Association for Outstanding Contribution from a Non-Academic and we are continuing our work promoting open data.

Our work on resilience and crowd sourcing the cuts was an unqualified success and I believe played a major part in securing the £100m Transition Fund to support groups hit by reductions in public spending announced by the Office for Civil Society.

As a demonstration of how much we are needed during these challenging times, our Sustainable Funding web pages received over 152,317 unique hits over the year.

Funding Central, which provides access to thousands of funding and finance opportunities, continues to grow, with 28,820 members, of whom almost half (48%) registered this year.

We continued to develop our main website, which this year, saw an increase of nearly a third in unique visitors and has 6,825 registered users. NCVO tweeters now have 18,460 followers.

The year started successfully with reaccreditation of our Investors in People award and ended with us receiving planning permission to build a fourth floor on top of our building at Regents' Wharf.

When this is complete, we would like to create a charity hub, providing a home for more organisations, and perhaps a place our members can visit for a coffee when they are in London.

The current year is likely to be every bit as challenging as the Government's belt tightening continues to hit civil society and as NCVO adapts to its new ways of working.

We will seek to collaborate where we can, remembering always that we are here for our members and the sector and don't exist for the sake of existing.

We will continue to be a strong voice for civil society and will seek to strengthen the support and advice we already provide.

These aims are not easy but we have a dedicated and talented workforce, a vibrant and diverse membership and a wise and resolute board and so I am confident we will succeed and continue to support the sector that supports our entire society.

**Martyn Lewis CBE**  
Chair  
21st July 2011

## THE TRUSTEE BOARD PRESENTS ITS ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011.

THE LEGAL AND ADMINISTRATIVE INFORMATION SET OUT ON PAGES 2-5 FORMS PART OF THIS REPORT. THE FINANCIAL STATEMENTS COMPLY WITH CURRENT STATUTORY REQUIREMENTS, THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND THE STATEMENT OF RECOMMENDED PRACTICE – ACCOUNTING AND REPORTING BY CHARITIES (SORP 2005) ISSUED IN MARCH 2005.

# STRUCTURE, GOVERNANCE AND MANAGEMENT

NCVO is a charitable company limited by guarantee, founded in 1919 as the National Council of Social Services, incorporated on 30 May 1924 and registered as a charity on 1 January 1964.

It was established under a Memorandum of Association, which defines its objects and powers, and is governed by its Articles of Association. In addition, there are detailed Regulations made under the Articles.

In November 2010 amended Articles were adopted at the Annual General Meeting of the company and the Memorandum and Articles of Association have been reformatted so that the key provisions contained in the Memorandum are now included as part of the Articles.

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

NCVO is governed by a Board of 12 Trustees, including three Honorary Officers (Chair, Vice Chair and Treasurer). The Chair, Treasurer and seven Trustees are directly elected from the membership. Three additional Trustees are co-opted by the Board to ensure the right mix of skills and experience. One of the Trustees is elected to fill the Vice Chair Honorary Officer position by the Board. Trustees serve for a term of three years, with a maximum of two terms to be served.

The following Committees report to the Board:

- A Nominations Committee to facilitate diversity in the governance structure, ensure the right mix of skills and experience, and supervise the democratic process.
- A Remuneration & HR Committee to consider HR policy and related matters.
- An Audit & Risk Committee to provide independent advice and assurance on risk, control and governance matters.

NCVO also has a Members' Assembly, a forum to contribute to the development of and advise the Board on sector policy issues.

The Assembly meets twice a year to debate policy issues of relevance to the sector, and is chaired by the Chair of the Trustee Board. 40 members of the Assembly are selected by NCVO's membership through a system of national thematic and regional electoral colleges. 10 members of the Assembly are elected by the Assembly to ensure the skills and experience encompass the breadth of civil society. Members of the Members' Assembly serve for a term of three years, with a maximum of two terms to be served.

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

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

The Trustee Board is supported by a management team and a staff of 90 employees organised into three departments. These are as follows:

- **Public Policy and Communications** – comprises NCVO's policy, research and foresight activities, together with the communications and information team, partnerships (including the Compact and Public Services Delivery Network) and our international function.

- **Enterprise and Development** – this department comprises the majority of NCVO's advisory, information and education work, both grant-funded and consultancy, the business development activities responsible for increasing NCVO's unrestricted earned income in order to support the vision, and the team responsible for membership.

- **Planning and Resources** – includes NCVO's internal support services and is responsible for the organisational planning process and servicing of the governance structure.

The senior management team comprises:

Chief Executive  
**Sir Stuart Etherington**

Deputy Chief Executive and Director of Public Policy and Communications  
**Ben Kernighan**

Director of Enterprise and Development  
**Richard Williams**

Director of Planning and Resources  
**Lynne Gregory/Sarah Welsh (Job Share)**

**Sarah Welsh** is also the Company Secretary.

President  
**Lord Hodgson of Astley Abbots, CBE**, is the President of NCVO. The President acts as an ambassador for NCVO and is elected by the members for a non-renewable term of 5 years and was elected in November 2007.

# OBJECTIVES AND ACTIVITIES



NCVO'S VISION IS OF A SOCIETY IN WHICH PEOPLE ARE INSPIRED TO MAKE A POSITIVE DIFFERENCE TO THEIR COMMUNITIES. WE BELIEVE THAT A VIBRANT VOLUNTARY AND COMMUNITY SECTOR DESERVES A STRONG VOICE AND THE BEST SUPPORT, AND AIM TO BE THAT SUPPORT AND VOICE.

In 2010/11 we worked towards achievement of our vision via the following three top tier outcomes, to which all of our activities are aligned.

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

Our work on civil society encompasses four broad themes – community cohesion, individual and community well-being, financial security and combating climate change.

Further information on the activities underpinning each of the above outcomes is given in the Achievements and Performance section of this report.

NCVO operates a three year planning horizon with high level Strategic Business Plans being refreshed and updated annually. Annual Operating Business Plans are prepared by teams within the context of the three year rolling plan. Each top tier outcome is delivered by a number of team outcomes which are supported by planned programmes of work with specific targets that are reviewed on an ongoing basis within teams throughout the year and quarterly at Trustee Board and senior management team level.

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

- Collaboration – we believe that the voluntary sector is strongest when it works together and that its future will be shaped through collaborative working and this will be the key to the way we work
- Inclusiveness – we value the diversity of the voluntary and community sector, and of society, and strive to be inclusive in all aspects of our work

- Independence – we value the independence of the voluntary and community sector and support organisations to take their own decisions and actions. We will be a strong and independent voice for the voluntary and community sector
- Innovation – we believe that the voluntary and community sector is innovative in its approach to achieving its goals and we will strive to be creative and original in all our work

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

## PUBLIC BENEFIT STATEMENT

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

# ACHIEVEMENTS AND PERFORMANCE

# 8,375

Members in 2011

NCVO HAD A HIGHLY SUCCESSFUL YEAR SUPPORTING THE VOLUNTARY AND COMMUNITY SECTOR AND ENABLING ITS VOICE TO BE HEARD. WE MADE SIGNIFICANT PROGRESS ON ALL THE OUTCOMES SET FOR THE YEAR AND SAW MEMBERSHIP GROW FROM 7,719 TO 8,375

WE CONTINUED TO PROVIDE MUCH NEEDED ADVICE AND SUPPORT IN AREAS CRUCIAL TO THE VOLUNTARY AND COMMUNITY SECTOR AND ENHANCED NCVO'S POSITION AS A KEY INFLUENCE ON THE PRESS, OPINION FORMERS AND POLITICIANS AT BOTH A NATIONAL AND REGIONAL LEVEL.

A SELECTION OF OUR KEY ACHIEVEMENTS TOWARDS EACH OUTCOME DURING 2010/11 IS AS FOLLOWS...

## OUTCOME 1

### THE EXTERNAL ENVIRONMENT IS POSITIVELY INFLUENCED BY NCVO ON BEHALF OF CIVIL SOCIETY

We received wide citation in the House of Lords debate on the sector in October, for which we briefed widely. NCVO employees have had a number of meetings with key cabinet ministers during the year (including brokering a meeting of Public Service Delivery Network members with the Prime Minister) to discuss and advise on the Big Society, spending cuts and localism, topics that formed major themes of the Annual Conference and AGM speeches. Eric Pickles, Secretary of State for Communities and Local Government, chose the former event to announce that he would consider giving statutory force to the expectation that councils should not pass on disproportionate cuts to voluntary and community sector organisations. We have continued to receive extensive coverage in the media throughout the year, including national print and broadcast. The European Network of National Civil Society Associations (ENNA) now has a legal constitution and steering group and the first full year of the programme has been completed. Sir Stuart Etherington represents UK civil society in Europe via his membership of the European Economic and Social Council (EESC).

Our Compact team succeeded during the year in getting the new minister and coalition government on board and behind the Compact as a concept. They secured an increase in funding for Compact Voice for the next four years despite the difficult financial climate, and completed an unanticipated Compact re-write.

The Compact Voice Network with 520 members grew by 16% in the quarter, exceeding the target by 108%, and a 70% increase in web traffic was reported during the year. The team has taken on 47 new cases during the year, and has received 121 new enquiries, many relating to the cuts.

The Policy team continued to work closely with Campaigns and Communications to inform and influence government priorities on behalf of the sector. The Funding Commission report was launched in December and its recommendations endorsed by the Government Green Paper on Giving. Other key achievements include submitting evidence to the Charity Commission strategic review, receiving permission to intervene in the ISC judicial review proceedings on public benefit, responding to the Green Paper on Giving and submitting evidence to the Treasury on Gift Aid Reform and tax reliefs for social investment.

Our Research team received an award from the Social Policy Association for Outstanding Contribution from a Non-Academic. The **2010 Civil Society Almanac** has been cited throughout the year in the national press and in parliamentary and policy papers. **Participation: trends, facts and figures** was successfully launched at the Annual Conference. We are progressing our work on open data, beginning to highlight the opportunities and challenges that this will have for NCVO and the sector.

Our work on resilience and crowd sourcing the cuts has been an unqualified success - the [www.voluntarysectorcuts.org.uk](http://www.voluntarysectorcuts.org.uk) site and underpinning partnership has had 466 cuts amounting to £75m reported so far, and significant media coverage. We believe that this resulted in securing the £100m Transition Fund announced by the Office for Civil Society in the Comprehensive Spending Review in October 2010 and intended to support civil society organisations affected by public spending reductions.

Our Foresight team exceeded most of its targets, with 6,206 unique visitors to the [www.3s4.org.uk](http://www.3s4.org.uk) site each month, and 2,756 members by year end. This website has now been completely overhauled and streamlined for sustainability and was relaunched in April 2011. Over 55,000 Future Focus guides have been distributed to front line organisations during the year. Feedback from the evaluation of our Capacitybuilders funded work was very positive, with 81% of respondents saying that using Foresight's services had increased their knowledge.

## OUTCOME 2

### CIVIL SOCIETY ORGANISATIONS FUNCTION BETTER BECAUSE NCVO PROVIDES THEM WITH INFORMATION, ADVICE & SUPPORT

During the year we continued to provide advice and support on a grant-funded and consultancy basis across the areas of campaigning effectiveness, collaborative working, governance and leadership, ICT, strategy and impact, sustainable funding, and workforce.

We ran a successful Barclays Leadership programme, with 96% of those attending confirming that as a result they have confidence in being a leader and understand where their strengths lie. The Leadership 20:20 Commission, supported by NCVO, is leading a national discussion on the future leadership of civil society and recently completed an online consultation.

We produced the second edition of the Governance Code and have distributed over 12,000 summaries distributed so far. NCVO were partners in the first ever national Trustees' Week and we will be a major partner in the 2011 Trustees' Week. Trustees Unlimited, the trustee recruitment service in which we are a partner with Russam GMS and Bates, Wells & Braithwaite, continues to develop a steady flow of commissions and prospects.

We successfully completed series 7 of the Campaigning Effectiveness Certificate. The pilot of our Value of Infrastructure Project (VIP) is developing well with 127 senior personnel in infrastructure organisations being more skilled and knowledgeable in demonstrating and improving their value and 60 individuals signed up for training.

Our Sustainable Funding web pages received over 152,317 unique hits over the year. Funding Central, which provides access to thousands of funding and finance opportunities, continues to grow, with 28,820 members, of whom 48% have registered this year. The Beacons programme, focusing on strengthening the relationship between infrastructure and frontline organisations enabling them to explore a more sustainable approach to funding, continued to develop. The Public Sector Delivery Network grew to 1,887 with 198 Funder/Commissioner members.

Workforce met or exceeded 84% of its outcomes, 4 outcomes did not reach their targets due to resource constraints – the training needs analysis tool, the Workforce Wheel and the career guide for young people “Working for a better world” which is being promoted through other means and the Do more website. Unique visitors to the Skills Third Sector website recovered after the seasonal break and exceeded target by 30%. 10 case studies have been published and 12 employment practice events have run. The Working For A Charity website visits averaged 9,100 per month and the online communities' forum has 1,300 members.

We implemented a new social media strategy, including a new presence on Facebook and LinkedIn, and launched Engage online. We continued to develop our main website, which saw an increase of nearly a third in unique visitors since the previous year. We have 6,825 individuals registered to access our discussion groups and NCVO tweeters now have 18,460 followers.

# 152,317

Sustainable Funding unique website hits

# 62,000

Active network contacts

## OUTCOME 3

### NCVO OPERATES EFFECTIVELY AND SUSTAINABLY

We started the year successfully with reaccreditation of our Investors in People award.

In November we started a consultation with staff in relation to our restructure. Driven by a projected reduction in income of approximately one third, we took the opportunity to radically change the way we operate in order to best meet the needs of the sector into the future. We brought all our communications activity into one team, alongside our policy, research and foresight functions, international and public services activities. We changed the way in which we provide advice and support from teams focused by area to more flexible consultancy and grant-funded teams able to support organisations as required, with assistance from associates where necessary.

Also within this department, we will continue to focus on our members, with events now managed centrally, and on driving up our earned income through appropriate business development opportunities. Our internal services have been streamlined to reflect the reductions across the rest of the organisation. The consultation closed in January and we spent the final quarter interviewing for roles in the new structure. We made one third of our staff redundant on 31 March, some of whom had been with NCVO for decades. We pay tribute to them and wish them well for the future. Our new structure became effective from 1 April.

The triennial actuarial valuation of defined benefit pension scheme was carried out in September and the scheme closed to future accrual on 31 March. We are negotiating an affordable recovery plan to repay the deficit with the pensions trustees, Pensions Trust.

The AGM and Hinton lecture were held successfully in November, with amendments to our constitution approved and a stimulating lecture from Baroness Onora O'Neill entitled "Can trust be rebuilt?".

In order to generate more earned income we have continued to pursue our collaborative venture strategy within the Enterprise and Development department, overseen by the Enterprise Advisory Group and the NCVO Trading Limited Board.

The initial phase of our Customer Relationship Management project has resulted in a significant increase to our contact base. We now have over 62,000 active contacts on our networks, 22,000 contacts on the non-member email and 12,245 contacts on the member email.

Our conference suite continues to perform well despite the difficult economic climate. We successfully implemented a new conference suite booking system and are now using it to gather customer data to further improve our conference suite marketing. We have introduced new menus that have proved very popular with customers.

At the end of the year we received planning permission to construct a fourth floor on top of our building at Regent's Wharf. When complete, we plan to rent this space to other civil society organisations to create a hub where like-minded organisations can come together, in keeping with the increasingly collaborative environment. The construction has an environmental focus within the available budget, with photovoltaic panels planned for the roof, low energy lighting, low U-value double glazing and high efficiency appliances. An air source heat pump system of temperature control will achieve approximately 35% overall carbon emissions from base case.

Throughout the year we continued to maintain our organisational focus on environmental sustainability, including becoming a zero-to-landfill site, introducing food composting, creating 20 new spaces for bicycles in our car park, negotiating new contracts for green electricity, and maintaining our silver status in the Mayor of London's Green Procurement Code.

# FINANCIAL REVIEW

0.2%  
Membership subscription increase since 2009/10

£975k  
in membership subscriptions

## FUNDS

## INCOMING RESOURCES

## RESOURCES EXPENDED

The Statement of Financial Activities (SOFA) indicates an increase in unrestricted funds of £727k for the year. Almost half of this comprised the actuarial gain on the defined benefit pension scheme (£289k) and investment gains (£71k). Restricted funds reduced from £210k to £203k and are largely made up of balances in relation to project work which will take place during 2011/12, details of which are outlined in note 17.

Total income has reduced to £10,140k, a decrease of 2% on the prior year figure of £10,355k, reflecting a broadly similar level of activity including the same level of strategic grant and National Support Services funding. £5,046k has been received from grants and sponsorship, as outlined in note 2 of the accounts. Of this, £3,844k was restricted, most of which related to the capacity building services.

Other key sources of income during the year included:

- Unrestricted income from trading activities of £1,791k (a decrease of 1% since 2009/10), comprising brokered services, commercial fees, conference suite hire and publications.
- Voluntary income of £1,151k (an increase of 17% since 2009/10). This was mainly due to an increase in income in the form of donations from CAF to £1,080k (2009/10 £976k).

- Membership subscriptions of £975k (an increase of 0.2% since 2009/10), reflecting the increased number of members.
- Investment income of £52k (no change since 2009/10) and reflecting the difficult economic conditions of the last twelve months, reduced bank interest rates and lower levels of cash being held with the reduction in project funding.

Expenditure has decreased during the year to £9,781 (a decrease of 7%), again reflecting broadly similar activity levels to the previous year.

# INVESTMENT POLICY

Following a competitive tender process, NCVO's investment portfolio was transferred from Rathbone Greenbank to Sarasin and Partners' Alpha Common Investment Fund for Income and Reserves during the year. This is fixed interest orientated with the remainder in a mix of global equities, convertible bonds and cash.

Sarasin provides real time online information on performance of the portfolio. In addition they are required to attend a Trustee Board and an Audit and Risk Committee meeting at least annually to discuss the performance of the portfolio, economic conditions and future requirements. The NCVO investment portfolio is part of a combined portfolio including the charitable trusts that NCVO administers, which are pooled with each other as permitted by the general power of investment defined within the Trustee Act 2000, and the governing documents of the trusts. Only NCVO investments are reflected in these accounts.

The objective of NCVO's investment strategy is to at least maintain the real value of reserves, taking the mission into consideration. The Alpha Common Investment Fund's Socially Responsible Investment Policy is to avoid investment in companies with more than 10% of their turnover in alcohol manufacture, armaments, gambling or pornography. The Fund will not invest in companies manufacturing tobacco related products.

The investment portfolio increased in value by 4.3% during the year (£71k). This is recorded in the unrealised gains section of the SOFA.

During the year NCVO Trading Limited, a wholly owned subsidiary of NCVO, increased its investment in CaSE (Charity and Social Enterprise Insurance Management LLP) to 40% by purchasing CAF's share of the business for £100k.

CaSE is a collaborative venture delivering tailor made insurance packages to the voluntary and community sector. It has been accounted for as a joint venture and consolidated on the SOFA and balance sheet.

NCVO also holds an investment of 33% in Trustees Unlimited LLP, a joint venture between NCVO Trading Limited, Russam GMS and Bates Wells & Braithwaite, who each hold a third of the shares. This investment was purchased in 2009/10 for £1k, which was repaid by the LLP during 2010/11 (see note 10) therefore the cost of the investment is zero. Whilst technically a joint venture due to the proportion of the holding, the results of Trustees Unlimited have not been consolidated as they are not considered material. Its results for the year showed a profit of £706.

4.3%

The investment portfolio increased in value by

# RESERVES POLICY

The Trustees have set a reserves policy which requires that reserves be maintained at a level which ensures that NCVO's core activity could continue during a period of unforeseen difficulty and that a proportion of reserves be maintained in a readily realisable form. The trustees consider readily realisable reserves to be the amount of reserves that are easily converted into cash should the need arise. The calculation of the required level of reserves is an integral part of NCVO's planning, budgeting and forecasting cycle. It takes into account the risks associated with each stream of income and expenditure varying from budget; the planned activity level; and NCVO's future commitments.

The Trustees assess the reserves policy on an annual basis. They discuss levels of readily realisable reserves, NCVO's main commitments and the market valuation of investments. The main risks to both income and expenditure are highlighted and a calculation made of the possible financial consequences of adverse movements.

The Trustees use this information to ensure an adequate level of readily realisable reserves is maintained. In March 2011 the reserves policy was reviewed, and based on the risk analysis, a readily realisable reserves figure of a minimum of £1.7m was agreed necessary.

The actual readily realisable reserves are currently in excess of the agreed minimum. This will continue to be monitored but is considered prudent in the light of what is likely to be an increasingly difficult operating environment in future years.

The pension reserve of £2.5m (£3.0m in 2009/10) is the long term liability relating to the defined benefit scheme. This does not have an immediate cashflow obligation for NCVO as any liabilities will crystallise as employees take up pension benefits in future years. The scheme moved to a reduced deficit position following the FRS17 valuation in March 2011.

The trustees also review designated reserves as detailed in note 17 to the accounts.

# GRANT MAKING POLICY

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

At 31 March 2011, NCVO's readily realisable reserves were as follows:	31-Mar-11 £'000	31-Mar-10 £'000
Investments	1,740	1,715
Other Working Capital	(658)	(695)
Bank Accounts	1,369	1,464
Readily Realisable Reserves	2,451	2,484

# FUTURE PLANS

NCVO ANTICIPATES THAT THE COMING YEAR WILL BE ANOTHER CHALLENGING ONE FOR CIVIL SOCIETY ORGANISATIONS AS PUBLIC SPENDING CUTS CONTINUE TO BITE, AND FOR OURSELVES FOLLOWING A PERIOD OF SIGNIFICANT CHANGE. WE WILL CONTINUE TO STRIVE TO HELP OUR MEMBERS AND THE SECTOR THROUGH THESE DIFFICULT TIMES. WE WILL SEEK TO COLLABORATE WHERE WE CAN. WE WILL ENDEAVOUR TO MEET EXACTING EARNED INCOME TARGETS WHILST BEDDING IN OUR NEW STRUCTURE AND EXPANDING OUR BUILDING WITH A VIEW TO REALISING OUR VISION OF A HUB FOR THE SECTOR. WE ARE CONTINUING TO REFINE OUR OUTCOMES-FOCUSED PLANNING AND HAVE DEFINED 11 SECOND TIER OUTCOMES WITH WORK PROGRAMMES THAT WILL ASSIST IN OUR ACHIEVEMENT OF THE TOP TIER OUTCOMES. THESE ARE SUMMARISED AS FOLLOWS AND FORM THE BASIS OF OUR PLANS FOR THE NEXT THREE YEARS:

## OUTCOME 1

THE EXTERNAL ENVIRONMENT IS POSITIVELY INFLUENCED BY NCVO ON BEHALF OF CIVIL SOCIETY

- There is a proportionate and meaningful regulatory framework which enables civil society organisations to demonstrate accountability and independence.
- People beyond the sector better understand the role and full value of voluntary and community organisations in civil society and contribute “more and better” to their communities.
- There is a more supportive, diverse and sustainable funding environment.
- Public services are better designed and delivered to take better account of user needs and interests.

## OUTCOME 2

CIVIL SOCIETY ORGANISATIONS FUNCTION BETTER BECAUSE NCVO PROVIDES THEM WITH INFORMATION, ADVICE & SUPPORT

- NCVO member and non-member organisations are better run and create more impact.
- People in civil society organisations are assessing and meeting their developmental needs.
- More dynamic and integrated sectors and sub-sectors, creating more collective impact more efficiently.

## OUTCOME 3

NCVO OPERATES EFFECTIVELY & SUSTAINABLY

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

# RISK MANAGEMENT

On an annual basis the Trustees review the risks that the charity faces in five key areas – strategy, governance and management; operational; financial; environmental and external; legal and statutory. All identified risks are assessed for both likelihood of occurrence and potential financial and reputational impact to give a gross risk. Mitigating controls are then considered, giving a net remaining risk. This information is then used to develop a risk management strategy for the organisation, including any new controls the Trustees consider necessary.

This risk management strategy forms part of the planning process, against which the Trustees review progress formally every year within the context of a three year Strategic Business Plan and one year Operating Business Plans. The risk register is also reviewed at each meeting of the Audit and Risk Committee and quarterly by the senior management team.

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

Key risks identified for 2011/12 include the risk that the cost of pension provisions exceed affordability and/or has a significant adverse impact on NCVO's reserves policy, the risk of reduced investment in capacity building, the risk that the organisation is unable to demonstrate the impact of its work on the sector and the risk that the value of the organisation's investment portfolio drops significantly. The Trustees are satisfied that these and all other risks in the register have been adequately assessed.

## TRUSTEE BOARD MEMBERS

The members of the Trustee Board, who are also Directors under the terms of the Companies Act, are set out on page 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 the year-end there were 8,375 members (2010: 7,719).

## STATEMENT OF TRUSTEE BOARD'S RESPONSIBILITIES

The Trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the parent charity and of the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;

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

The Trustees are responsible for keeping accounting records that 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 Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITORS

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

PKF (UK) LLP have expressed their willingness to continue as auditors of the group and company.

Approved by the Trustee Board and signed on their behalf



**Martyn Lewis CBE**  
Chair  
21st July 2011

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE NATIONAL COUNCIL FOR VOLUNTARY ORGANISATIONS

We have audited the group and parent charity financial statements ("the financial statements") of The National Council for Voluntary Organisations for the year ended 31 March 2011 which comprise the Consolidated statement of financial activities, the group and charity balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

## RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

Matters on which we are required to report by exception

- We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept in respect of the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent charity financial statements do not accord with the accounting records; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.

**PKF(UK)LLP**

**Ian Mathieson**  
(Senior statutory auditor)  
for and on behalf of PKF (UK) LLP,  
Statutory auditor  
London, UK  
21 July 2011

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account) For the year ended 31 March 2011

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2011 £'000	Total Funds 2010 £'000
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income	3	1,133	18	1,151	983
Activities for generating funds	4	1,791	-	1,791	1,804
Investment income	5	52	-	52	52
Less share of joint ventures' turnover		(25)	-	(25)	-
		<b>2,951</b>	<b>18</b>	<b>2,969</b>	<b>2,839</b>
Incoming resources from charitable activities					
Membership subscriptions	2	975	-	975	973
<b>Projects and sponsorship</b>					
Core grant	2	1,090	-	1,090	1,040
Advisory services and information	2	640	2,223	2,863	3,130
Campaigns and communications	2	32	679	711	726
Education and training	2	566	4	570	639
Policy	2	13	176	189	215
Research	2	18	755	773	793
<b>Total incoming resources</b>		<b>6,285</b>	<b>3,855</b>	<b>10,140</b>	<b>10,355</b>

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2011 £'000	Total Funds 2010 £'000
<b>Resources expended</b>					
<b>Cost of generating funds</b>	6	1,193	-	1,193	1,220
<b>Charitable expenditure</b>					
Costs of activities in furtherance of the charity's objectives					
Advisory services and information		1,684	2,190	3,874	4,504
Campaigns and communications		1,523	719	2,242	2,267
Education and training		553	7	560	526
Policy		464	205	669	572
Research		381	741	1,122	1,246
Governance costs		121	-	121	135
<b>Total charitable expenditure</b>		<b>4,726</b>	<b>3,862</b>	<b>8,588</b>	<b>9,250</b>
<b>Total resources expended</b>	6	5,919	3,862	9,781	10,470
<b>Net incoming / (outgoing) resources</b>		366	(7)	359	(115)
Share of operating profit of joint ventures		1	-	1	-
Net investment gains	10	71	-	71	380
Actuarial gains/(losses) on defined benefit scheme	21	289	-	289	(1,863)
Net movement in funds		727	(7)	720	(1,598)
Funds at 1 April 2010		1,341	210	1,551	3,149
<b>Funds at 31 March 2011</b>		<b>2,068</b>	<b>203</b>	<b>2,271</b>	<b>1,551</b>

All incoming resources and resources expended derive from continuing activities. The statement of financial activities includes all gains and losses recognised in the year. Movements in funds are disclosed in note 17 to the financial statements. The net movement in funds includes £137k of unrealised investment gains. Net realised incoming resources for the year were £294k (2010: net outgoing resources of £40k).

Summarised results for the parent company are as follows:

	NCVO £'000
Total incoming resources	9,463
Total resources expended	9,106
Net incoming / (outgoing) resources	357

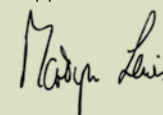
## GROUP AND CHARITY BALANCE SHEET

For the year ended 31 March 2011

	Notes	Consolidated 2011 £'000	Consolidated 2010 £'000	NCVO 2011 £'000	NCVO 2010 £'000
<b>Fixed assets</b>					
Tangible fixed assets	9	2,216	2,166	2,216	2,166
Investments	10	1,740	1,715	1,740	1,669
Goodwill purchased		45	-	-	-
Investment in joint venture					
Share of gross assets		144	-	-	-
Share of gross liabilities		(43)	-	-	-
Net investment in joint venture		101	-	-	-
		4,102	3,881	3,956	3,835
<b>Current assets</b>					
Stocks	11	32	40	32	40
Debtors	12	882	1,022	1,444	2,055
Cash at bank and in hand		1,369	1,464	850	381
		2,283	2,526	2,326	2,476
<b>Creditors: amounts falling due within one year</b>	13	(1,464)	(1,642)	(1,362)	(1,546)
<b>Net current assets</b>		819	884	964	930
<b>Total assets less current liabilities</b>		4,921	4,765	4,920	4,765
<b>Creditors: amounts falling due after one year</b>	14	(119)	(190)	(119)	(190)
<b>Net assets excluding pension liability</b>		4,802	4,575	4,801	4,575
<b>Defined benefit pension scheme liability</b>	21	(2,531)	(3,024)	(2,531)	(3,024)
<b>Net assets</b>		2,271	1,551	2,270	1,551

	Notes	Consolidated 2011 £'000	Consolidated 2010 £'000	NCVO 2011 £'000	NCVO 2010 £'000
<b>Funds</b>					
<b>Restricted funds</b>	17	203	210	203	210
<b>Unrestricted funds</b>					
Pension reserve	17	(2,531)	(3,024)	(2,531)	(3,024)
Designated funds	17	2,030	1,909	2,030	1,909
General funds	17	2,569	2,456	2,568	2,456
<b>Total funds</b>	17	2,271	1,551	2,270	1,551

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



**Martyn Lewis CBE**  
Chair  
21st July 2011



**Helen Simmons**  
Treasurer  
21st July 2011

## GROUP CASH FLOW STATEMENT

For the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
<b>Net Cash Inflow</b>	18	245	(496)
<b>Returns on investments and servicing of finance</b>	19	38	26
<b>Capital expenditure – purchase of tangible fixed assets</b>		(208)	(65)
– net purchase of investments		(99)	(1)
<b>Total</b>		(24)	(536)
<b>Financing - repayment of mortgage</b>		(71)	(119)
<b>(Decrease) / Increase in cash</b>		(95)	(655)

### Reconciliation of movement in net cash funds

(Decrease) / Increase in cash	(95)	(655)
Cash used to repay loans	71	119
<b>Change in net cash funds</b>	20	(536)
<b>Net cash funds at 1 April 2010</b>	20	1,179
<b>Net cash funds at 31 March 2011</b>	20	1,155

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

## 1. ACCOUNTING POLICIES

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

### a) Accounting convention

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

### b) Incoming Resources

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

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

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

Legacies are included when the charity is advised by the personal representatives that payment will be made or property transferred and the amount involved can be quantified unless there are specific conditions preventing receipt, such as life tenancy. At the year end NCVO was aware of one such legacy property. The property was valued at £260,553 (£260,542 in 2010) by Barclays Bank Trust Company Limited.

### Membership income

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

### c) Allocation of costs

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

### d) Expenditure

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

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

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

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

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

### e) Grant making

Costs of grant making to NSS bodies are included in the statement of financial activities in the year they are payable. Costs include grants made and support costs associated with the activity.

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

### f) Rentals

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

### g) Fund accounting

The charity maintains the following funds:

i) Restricted funds  
Restricted funds represent grants, donations and legacies received which the donor allocates for specific purposes.

ii) General unrestricted funds  
These represent funds, which are expendable at the discretion of the Trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

iii) Designated funds  
These represent unrestricted funds allocated by Trustees for particular purposes.

### h) Tangible fixed assets

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

An asset under Construction is depreciated upon completion of the project.

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

Freehold building	50 years
Computer equipment	3 years
Fixtures and fittings	5 years

All fixed assets costing over £1,000 are capitalised.

### i) Investments

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

### j) Goodwill

Goodwill is capitalised and amortised over 20 years. The entire goodwill amount relates to CaSE, which only became a joint venture on 31 March 2011, and therefore the balance has not been amortised this year.

### k) Joint Venture

Assets and Liabilities at the Balance sheet date of jointly own organisations are consolidated into our accounts based on our shares.

### l) 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.

### m) Pension scheme

The charity operates two pension schemes.

Assets of the defined contribution scheme are held separately from the charity in an independent fund administered by Friends Provident Pensions Limited. The pension cost charge represents the contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

For the defined benefit scheme, the statement of financial activities (SOFA) is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is included as part of this charge. Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions, are included in the other gains and losses section of the SOFA.

The accumulated pension scheme deficits are recognised in full and included in the balance sheet.

### n) Consolidation

Consolidated financial statements or 'group accounts' have been prepared in respect of NCVO and its wholly owned subsidiary NCVO Trading Limited. The results of the subsidiary have been consolidated on a line-by-line basis. In accordance with section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005, a separate statement of financial activities for the charity has not been presented.

## 2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Membership subscriptions, conference delegate fees and charitable purpose contracts	Unrestricted grants and sponsorships	Restricted grants and sponsorships	Total 2011	Total 2010
	2011 £'000	2011 £'000	2011 £'000	£'000	£'000
Membership subscriptions	975	-	-	975	973
Core grant	-	1,090	-	1,090	1,040
Advisory services and information	632	8	2,223	2,863	3,130
Campaigns and communications	22	10	679	711	726
Education and training	472	94	4	570	639
Policy	13	-	176	189	215
Research	18	-	755	773	793
<b>Total</b>	<b>2,132</b>	<b>1,202</b>	<b>3,837</b>	<b>7,171</b>	<b>7,516</b>

## Grant and project income

	Total Funds 2011 £'000	Total Funds 2010 £'000
<b>Unrestricted</b>		
Office of the Third Sector – Strategic Grant	1,090	1,040
Co-operative Financial Services – Autumn Conference	14	25
Co-operative Financial Services – Annual Conference	15	15
Other unrestricted income under £15,000	83	159
<b>Total unrestricted</b>	<b>1,202</b>	<b>1,239</b>
<b>Restricted</b>	<b>£'000</b>	<b>£'000</b>
Capacitybuilders – Leadership and Governance National Support Service	600	600
Barclays Leadership Programme – Governance and Leadership	3	50
Provident Financial – Get Legal	-	10
Capacitybuilders – National Priorities Programme: Support, Advice and Improvement for the Third Sector as an Employer	200	200
Capacitybuilders – Responding To Social Change National Support Service	400	400
Barings Foundation – The Big Response	-	57
bRAP – Beyond Survival: the BME Strategy Programme	45	-
Big Lottery Fund – Sustainable Funding Project	278	199
Voluntary Norfolk – Sustainable Funding Project	51	36
Office of the Third Sector – Public Sector Delivery Network	-	100
Improvement and Development Agency – Public Sector Delivery Network	-	43
Joseph Rowntree Foundation – Funding Commission	-	10
Office of the Third Sector – Innovations Work	-	43
The City Bridge Trust – ICT	40	-
Dulverton Trust – Collaborative Working	-	15
Caloustie Gulbenkian Foundation – Climate Change Unit	15	-
Capacitybuilders – Campaigning and Advocacy National Support Service	599	620
Big Lottery Fund – Compact Advocacy Second Phase	256	254
Big Lottery Fund – Campaigning Effectiveness Programme	-	(5)
Big Lottery Fund – Policy Skills	177	173
Big Lottery Fund – Value of Infrastructure Project	294	199
Big Lottery Fund – Research Pathways	209	188
Office of the Third Sector – Compact Voice	308	349
University of Southampton / Northern Rock Foundation	22	48
Skills Third Sector – Third Sector Research Centre	60	30
Cass Business School – Charitable Giving	5	20
Charities Aid Foundation – Charitable Giving	16	-
Office for National Statistics – Quality Measurement Framework	20	-
The Secretary of State for the Home Department acting through the Crime Directorate - Arranging PL insurance for Neighbourhood Watch groups in England and Wales	117	120
European Commission – Participation for Change	(22)	64
European Commission – European Network of National Associations	76	-
The Mott Foundation – European Network of National Associations	25	-
Other grants under £15,000	43	54
<b>Total restricted</b>	<b>3,837</b>	<b>3,877</b>
<b>Total grants and project income</b>	<b>5,039</b>	<b>5,116</b>

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

## 3. VOLUNTARY INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2011 £'000	Total Funds 2010 £'000
Donations through Charities Aid Foundation	1,080	-	1,080	976
Legacies	-	11	11	-
Other donations and voluntary income	53	7	60	7
	1,133	18	1,151	983

## 4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2011 £'000	Total Funds 2010 £'000
Brokered services	314	-	314	306
Fees for services	331	-	331	350
Conference suite hire	1,024	-	1,024	1,043
Publications	97	-	97	105
Share of joint venture turnover	25	-	25	-
	1,791	-	1,791	1,804

## 5. INVESTMENT INCOME

	Unrestricted Funds 2011 £'000	Restricted Funds 2011 £'000	Total Funds Total 2011 £'000	Total Funds Total 2010 £'000
Dividends	45	-	45	46
Bank interest	7	-	7	6
	52	-	52	52

## 6. RESOURCES EXPENDED

	Staff costs £'000	Premises costs £'000	Grant making £'000	Support costs £'000	Other expenses £'000	Total 2011 £'000	Total 2010 £'000
Costs of generating funds	719	166	110	47	151	1,193	1,220
Advisory services and information	2,349	56	468	181	820	3,874	4,504
Campaigns and communications	1,319	37	-	103	783	2,242	2,267
Education	172	4	-	13	371	560	526
Policy	432	10	-	33	194	669	572
Research	676	17	145	56	228	1,122	1,246
Governance costs	48	-	-	-	73	121	135
<b>Total 2011</b>	<b>5,715</b>	<b>290</b>	<b>723</b>	<b>433</b>	<b>2,620</b>	<b>9,781</b>	<b>10,470</b>
Total 2010	5,801	321	690	486	3,172	-	10,470

Other expenses include commissioning £1,322,817 (2010: £1,690,314); consumables £444,995 (2010: £588,393) and events £362,611 (2010: £422,029).

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

## 6. RESOURCES EXPENDED (CONTINUED)

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

	<b>Total Funds 2011 £'000</b>	<b>Total Funds 2010 £'000</b>
<b>Governance and Leadership</b>		
Community Sector Coalition	166	-
ACEVO	166	167
BASSAC	-	167
	<b>332</b>	<b>334</b>
<b>Research Pathways</b>		
Involve	52	60
Volunteering England	63	51
	<b>115</b>	<b>111</b>
<b>Empowering the Voluntary Sector</b>		
NAVCA	88	85
The Public Law Project	48	42
	<b>136</b>	<b>127</b>
<b>Almanac</b>		
University of Southampton	30	-
	<b>30</b>	<b>-</b>
<b>PL insurance for Neighbourhood Watch groups in England and Wales</b>		
	110	118
	<b>110</b>	<b>118</b>
<b>Total grants and partnership fees paid</b>	<b>723</b>	<b>690</b>

## 7. EMPLOYEES

	<b>2011 £'000</b>	<b>2010 £'000</b>
Wages and salaries	4,224	4,530
Social security	406	440
Pension costs	368	442
Redundancy costs	366	18
Temporary staff and staff training	351	371
	<b>5,715</b>	<b>5,801</b>

The pension costs were split between the defined benefit and defined contribution scheme, £187,667 (2010:£279,326) and £179,585 (2010: £163,381) respectively.

The defined benefit scheme was closed to future accrual on 31 March and no staff are continuing to accrue benefits in the scheme. (20 staff were accruing benefits on 31 March 2010).

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

	<b>2011 Number</b>	<b>2010 Number</b>
Generating funds	12	12
Advisory services and information	48	52
Campaigns and communications	27	27
Education and training	4	3
Policy	9	10
Research	15	17
	<b>115</b>	<b>121</b>

Employees earning over £60,000 during the year

	<b>2011 Number</b>	<b>2010 Number</b>
£70,000-£80,000	1	2
£80,000-£90,000	1	1
£120,000-£130,000	1	1

Two of the above staff in 2011 are members of the defined benefit pension scheme (2010: 2), and one is a member of the defined contribution scheme (2010: 2). The pension costs for these employees are £31,740 and £6,520 respectively (2010: £31,740 and £11,483 respectively).

## 8. NET INCOMING/ (OUTGOING) RESOURCES FOR THE YEAR

This is stated after charging:	2011 £'000	2010 £'000
Auditor's remuneration		
- audit fees	20	22
- other	-	1
Depreciation	158	163
Bank charges	8	10
Bank interest		
- on commercial mortgage	6	16
Trustees' expenses	18	13

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

In response to the Report of the Independent Group on Expenses set up by NCVO and CFDG to gather information and evidence on the disclosure of expenses by registered charities in England and Wales, to report on the findings and make recommendations as appropriate, published in February 2010, NCVO has decided to adopt enhanced voluntary disclosure of Trustees' and senior management team expenses.

Travel and subsistence expenses reimbursed to fourteen trustees amounted to £17,591 (2010: £13,465 to fourteen trustees), including amounts paid directly by NCVO. Travel and subsistence expenses incurred by other Members' Assembly members amounted to £1,494 (2010: £1,942).

Senior management team expenses by director, together with total Trustee and Members' Assembly member expenses, are summarised in the following table. These were incurred in accordance with budget and reflect the significant activity during the period, including networking and overseas travel, the latter in particular by the Chief Executive in relation to establishing the European Network of National Associations (ENNA).

	Subsistence	UK Travel	Networking	Overseas Travel	Other	Total Claimed 2011
	£	£	£	£	£	£
<b>Directors</b>						
Chief Executive's Office	-	8,493	9,712	5,164	515	<b>23,884</b>
Deputy CEO	701	3,730	1,383	917	791	<b>7,522</b>
Director of Planning & Resources	55	767	-	-	-	<b>823</b>
Director of Enterprise and Development	55	2,175	1,289	-	104	<b>3,622</b>
	<b>811</b>	<b>15,165</b>	<b>12,384</b>	<b>6,081</b>	<b>1,410</b>	<b>35,851</b>
<b>Trustees</b>	<b>6,595</b>	<b>10,086</b>	<b>909</b>	-	-	<b>17,590</b>
<b>Members' Assembly</b>	-	<b>1,494</b>	-	-	-	<b>1,494</b>

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

## 9. TANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	Freehold land and buildings £'000	Construction £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>					
At 1 April 2010	3,179	-	704	899	4,782
Additions	-	76	68	64	208
Disposals	-	-	-	-	-
At 31 March 2011	3,179	76	772	963	4,990
<b>Depreciation</b>					
At 1 April 2010	1,112	-	646	858	2,616
Charge for the year	65	-	59	34	158
Disposals	-	-	-	-	-
At 31 March 2011	1,177	-	705	892	2,774
<b>Net book value</b>					
At 31 March 2010	2,067	-	58	41	2,166
At 31 March 2011	2,002	76	67	71	2,216

## 10. INVESTMENTS (GROUP)

	Cash deposits £'000	Unlisted £'000	Listed £'000	Total £'000
<b>Market Value</b>				
At 1 April 2010	66	46	1,603	1,715
Additions	(64)	100	1,537	1,573
Disposal proceeds	-	-	(1,473)	(1,473)
Repayment of capital (TU)	-	(1)	-	(1)
Realised gains	-	-	(66)	(66)
Unrealised investment gains/(losses)	-	-	137	137
Joint venture investment now being consolidated	-	(145)	-	(145)
At 31 March 2011	2	-	1,738	1,740
<b>Cost</b>				
At beginning of year		46	1,439	1,485
At end of year		-	1,591	1,591
			<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Being at market value</b>				
Investment assets in the United Kingdom			780	1,163
Investment assets outside the United Kingdom			960	552
			1,740	1,715
			<b>2011 £'000</b>	<b>2010 £'000</b>
<b>The following funds have a value of 5% or greater of the total NCVO portfolio</b>				
Aberdeen Trust Managers Ethical World			-	96
Alpha CIF for Endowments			1,669	-
Other holdings less than 5%			71	1,619
Total			1,740	1,715

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

## 10A. INVESTMENTS (CHARITY ONLY)

	Cash deposits £'000	Unlisted £'000	Listed £'000	Total £'000
<b>Market Value</b>				
At 1 April 2010	66	-	1,603	1,669
Additions	(64)	-	1,537	1,473
Disposal proceeds	-	-	(1,473)	(1,473)
Realised losses	-	-	(66)	(66)
Unrealised investment gains/(losses)	-	-	137	137
At 31 March 2011	2	-	1,738	1,740
<b>Cost</b>				
At beginning of year		-	1,439	1,439
At end of year		-	1,591	1,591
			<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Being at market value</b>				
Investment assets in the United Kingdom			780	1,117
Investment assets outside the United Kingdom			960	552
			1,740	1,669
			<b>2011 £'000</b>	<b>2010 £'000</b>
<b>The following funds have a value of 5% or greater of the total NCVO portfolio</b>				
Aberdeen Trust Managers Ethical World			-	96
Alpha CIF for Endowments			1,669	-
Other holdings less than 5%			71	1,573
<b>Total</b>			1,740	1,669

## 11. STOCKS

	Consolidated 2011 £'000	Consolidated 2010 £'000	NCVO 2011 £'000	NCVO 2010 £'000
Publications	27	36	27	36
Stationery	5	4	5	4
	32	40	32	40

## 12. DEBTORS

	Consolidated 2011 £'000	Consolidated 2010 £'000	NCVO 2011 £'000	NCVO 2010 £'000
Debtors	596	748	272	515
Accrued income	189	166	155	130
Amount due from subsidiary	-	-	957	1,302
Prepayments	97	108	60	108
	882	1,022	1,444	2,055

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated 2011 £'000	Consolidated 2010 £'000	NCVO 2011 £'000	NCVO 2010 £'000
Bank loan (secured - see note 14)	95	95	95	95
Taxation and social security	186	218	113	155
Other creditors	337	355	329	331
Accrued Expenditure	368	300	353	294
Deferred Income	478	674	472	671
	1,464	1,642	1,362	1,546
Deferred Income consists of:				
	Consolidated 2011 £'000	Consolidated 2010 £'000	NCVO 2011 £'000	NCVO 2010 £'000
Deferred Income	96	258	90	255
Membership subscriptions	382	416	382	416
	478	674	472	671

## 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated 2011 £'000	Consolidated 2010 £'000	NCVO 2011 £'000	NCVO 2010 £'000
Bank loan (secured)	119	190	119	190
<b>Analysis of loan repayments</b>				
Within one year	95	95	95	95
Between one and two years	95	95	95	95
Between two and five years	24	95	24	95
Balance at 31 March 2010	214	285	214	285

The bank loan funded the purchase of the freehold property at Regent's Wharf, All Saints Street, London N1. These offices are occupied by NCVO. The original amount borrowed was £1,900,000. The loan is repayable by equal instalments until June 2012. Interest is charged at three month sterling LIBOR plus 2%. The loan is secured by legal mortgage over the property.

## 15. OPERATING LEASES

NCVO has an operating lease on Birchall House with annual commitments detailed below, and a lease with Oce Finance Limited for Multi Functional Devices which provide our photocopying, printing and document scanning facilities.

	Consolidated 2011 £'000	Consolidated 2010 £'000
Birchall House Lease	150	148
Oce Finance Limited	12	12
Total	162	160

## 16. ANALYSIS OF NET GROUP ASSETS

	Unrestricted General £'000	Unrestricted Designated £'000	Restricted £'000	Total Funds excluding pension fund £'000	Pension Fund £'000	Total £'000
Tangible fixed assets	-	2,216	-	2,216	-	2,216
Investments	1,886*	-	-	1,886	-	1,886
Net current assets (excluding loan)	683*	28*	203	914	-	914
Pension Fund	-	-	-	-	(2,531)	(2,531)
Loans	-	(214)	-	(214)	-	(214)
<b>Total</b>	<b>2,569</b>	<b>2,030</b>	<b>203</b>	<b>4,802</b>	<b>(2,531)</b>	<b>2,271</b>

NCVO's readily realisable reserves as identified by the reserves policy consist of those identified \* above, which total £2.6m.

## 17. MOVEMENT IN GROUP FUNDS

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

	Balance 1 April 2010 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 Mar 2011 £'000
<b>Designated Funds</b>					
Fixed Assets	1,881	-	-	121	2,002
Property maintenance	28	-	-	-	28
Total designated funds	1,909	-	-	121	2,030

	Balance 1 April 2010 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 Mar 2011 £'000
<b>Other charitable funds</b>					
Unrestricted	2,456	6,357	(5,919)	(325)	2,569
Total General Funds	2,456	6,357	(5,919)	(325)	2,569

## 17. MOVEMENT IN GROUP FUNDS (CONTINUED)

	Balance 1 April 2010 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 Mar 2011 £'000
<b>Restricted Funds</b>					
<b>National Support Services</b>					
Campaigning and Advocacy Programme	-	600	(600)	-	-
Leadership and Governance	-	600	(600)	-	-
Responding To Social Change	-	400	(400)	-	-
Support, Advice and Improvement for the Third Sector as an Employer	-	200	(200)	-	-
Compact Voice	-	308	(308)	-	-
Compact Advocacy	-	256	(256)	-	-
Sustainable Funding Project: BLF	-	278	(264)	-	14
Sustainable Funding Project: Voluntary Norfolk	-	51	(42)	-	9
Neighbourhood Watch Insurance	-	117	(117)	-	-
Collaborative Working Project	-	40	(40)	-	-
Governance and Leadership: Barclays					
Leadership Programme	50	3	(53)	-	-
Governance and Leadership: Legacy	-	11	-	-	11
Value of Infrastructure Programme	68	294	(229)	-	133
Policy Skills	29	176	(205)	-	-
Research Pathways	-	209	(198)	-	11
Scoping The Sector	-	22	(22)	-	-
Research & Labour Market Information and Intelligence	-	60	(60)	-	-
Quality Measurement Framework	-	20	(20)	-	-
Charitable Giving	-	21	(21)	-	-
Participation for Change	58	(22)	(36)	-	-
European Network of National Associations	-	101	(82)	-	19
Strategy and Impact	-	45	(45)	-	-
Workforce bursaries	3	5	(3)	-	5
Other restricted grants and donations under £20,000	2	60	(61)	-	1
<b>Total</b>	<b>210</b>	<b>3,855</b>	<b>(3,862)</b>	<b>-</b>	<b>203</b>
<b>Total funds</b>	<b>4,575</b>	<b>10,212</b>	<b>(9,781)</b>	<b>(204)</b>	<b>4,802</b>
Pensions liability	(3,024)	289	-	204	(2,531)
<b>Total funds after pensions liability</b>	<b>1,551</b>	<b>10,501</b>	<b>(9,781)</b>	<b>-</b>	<b>2,271</b>

The total income figure of £10,501k includes the actuarial gain of £289k referenced in the SOFA. The total income includes the net investment gain of £71k also referenced in the SOFA.

## 17. MOVEMENT IN GROUP FUNDS (CONTINUED)

### Designated Funds

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

- **Fixed Assets**

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

- **Property Maintenance**

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

Those areas with restricted funds to be carried forward into 2011/12 are briefly described below:

- **Sustainable Funding Project (BLF)**

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

- **Sustainable Funding Project (Voluntary Norfolk)**

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

- **Governance and Leadership**

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

- **Value of Infrastructure Programme**

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

- **Research Pathway**

Pathways through Participation is a 2.5 year qualitative research project funded by the Big Lottery Fund. NCVO leads the project in partnership with the Institute of Volunteering Research and Involve. The project explores how and why people start, stop and continue participation in a range of civic and social activities. The project ends in September 2011.

- **The European Network of National Civil Society Associations (ENNA)**

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

- **Workforce (Bursaries)**

To provide bursaries for people wishing to attend Working For A Charity courses in order to transfer their skills to the Third Sector.

## 18. RECONCILIATION OF NET INCOMING RESOURCES FOR THE YEAR TO NET CASH INFLOW

	2011 £'000	2010 £'000
Net incoming resources for the year	360	(115)
Investment income and interest paid	(38)	(26)
Depreciation	158	163
Decrease/(Increase) in stocks	8	(1)
Decrease/(Increase) in debtors	140	370
(decrease) in creditors	(178)	(755)
Non cash difference between contributions paid and current service costs less finance income	(204)	(132)
Share of net income from joint ventures	(1)	-
<b>Net cash inflow from operating activities</b>	<b>245</b>	<b>(496)</b>

## 19. GROSS CASH FLOWS

	2011 £'000	2010 £'000
Returns on investments and servicing of finance		
Interest received	7	6
Interest and bank charges paid	(14)	(26)
Investment income – Dividends	45	46
	38	26

## 20. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2010 £'000	Cashflows £'000	At 31 March 2011 £'000
Cash at bank and in hand	1,464	(95)	1,369
Debt due within one year	(95)	-	(95)
Debt due after more than one year	(190)	71	(119)
Total net cash funds	1,179	(24)	1,155

## 21. DEFINED BENEFIT PENSION SCHEME

As explained in note 1(k), the charity operates a defined benefits pension scheme the assets of which are held separately from the charity.

	2011 %	2010 %	2009 %	2008 %	2007 %
Rate of increase in salaries	4.9	2.5	2.5	4.4	4.3
Rate of increase in pensions in payment	2.9	3.1	2.7	2.9	2.8
Discount rate	5.5	5.5	6.7	6.5	5.4
Inflation assumption	2.9*	3.2	2.7	2.9	2.8

\* The Trustee Board agreed to the adoption of CPI (RPI Inflation assumption - 3.4%)

## 21. DEFINED BENEFIT PENSION SCHEME (CONTINUED)

	Long term rate of return expected 2011 %	Value 2011 £'000	Long term rate of return expected 2010 %	Value 2010 £'000	Long term rate of return expected 2009 %	Value 2009 £'000	Long term rate of return expected 2008 %	Value 2008 £'000
Equities	8.4	5,683	8.4	5,718	7.5	4,495	8.0	6,198*
Bonds	4.7	7,597	4.7	6,964	4.7	5,571	4.7	7,051
Property	7.4	970	7.4	895	7.5	816	-	-
Cash	0.5	106	0.5	69	0.5	121	5.3	166
Total market value of assets		14,356		13,646		11,003		13,415
Present value of scheme liabilities		(16,887)		(16,670)		(12,296)		(13,033)
<b>Surplus/(Deficit) in the scheme equalling the net pension liability</b>		- (2,531)		- (3,024)		- (1,293)		- 382*

\*Figures in 2008 included property

## Analysis of the amount charged to the statement of financial activities for service costs

	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Current service cost	164	123	165	198
Past service cost	-	-	-	-
Total operating charge	164	123	165	198

## Net finance income credited to staff costs

	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Expected return on pension scheme assets	867	660	825	887
Interest on pension scheme liabilities	(904)	(814)	(832)	(797)
Net return	(37)	(154)	(7)	90
<b>Total</b>	201	277	172	108

## Analysis of actuarial loss recognised in statement of financial activities

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	69	1,994	(2,877)	(800)	(138)
Experience gains and losses arising on the scheme liabilities	(645)	(6)	31	113	-
Changes in assumptions underlying the present value of scheme liabilities	865	(3,851)	1,076	2,307	548
<b>Actuarial gain / (loss)</b>	289	(1,863)	(1,770)	1,620	410

## Movement in deficit during the year

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Surplus/(Deficit) in scheme at beginning of year	(3,024)	(1,293)	382	(1,445)	(2,059)
Current service cost	(164)	(123)	(165)	(198)	(284)
Contributions	393	409	267	315	318
Past service costs	-	-	-	-	-
Gains on curtailment*	12	-	-	-	-
Other finance income	(37)	(154)	(7)	90	170
Actuarial gain/(loss)	289	(1,863)	(1,770)	1,620	410
<b>Surplus/(deficit) in scheme at end of the year</b>	(2,531)	(3,024)	(1,293)	382	(1,445)

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

## History of experience gains and losses

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Difference between the expected and actual return on scheme assets	69	1,994	(2,877)	(800)	(138)
% of scheme assets	0.5	14.6	-26.1	-6.0	-1.0
Experience gains and losses on scheme liabilities	(645)	(6)	31	113	-
% of the present value of scheme liabilities	(3.8)	(0.0)	0.3	0.9	0.0

## 21. DEFINED BENEFIT PENSION SCHEME (CONTINUED)

Changes in the present value of the defined benefit obligation	Year ending on 31 March 2011 £'000	Year ending on 31 March 2010 £'000
<b>Opening defined benefit obligation</b>	<b>16,670</b>	<b>12,296</b>
Service cost	164	123
Interest cost	904	814
Contributions by employees	54	62
Past service costs - vested benefits	-	-
Past service costs - non-vested benefits	-	-
Losses / (gains) on curtailments	(12)	-
Liabilities extinguished on settlements	-	-
Actuarial losses / (gains)	(220)	3,857
Disbursements	(673)	(482)
<b>Closing defined benefit obligation</b>	<b>16,887</b>	<b>16,670</b>

Changes in the fair value of the scheme assets	Year ending on 31 March 2011 £'000	Year ending on 31 March 2010 £'000
<b>Opening fair value of the scheme assets</b>	<b>13,646</b>	<b>11,003</b>
Expected return	867	660
Assets distributed on settlements	-	-
Actuarial gains / (losses)	69	1,994
Contributions by employer	393	409
Contributions by employees	54	62
Distributions	(673)	(482)
<b>Closing fair value of the scheme assets</b>	<b>14,356</b>	<b>13,646</b>
<b>Actual Return on Scheme Assets</b>	<b>936</b>	<b>2,654</b>

## Assumed life expectations on retirement at age 65 are:

	2011	2010
Pensioners		
Males	87.4	87.4
Females	89.2	90.1
Those retiring in 2031		
Males	89.6	87.5
Females	91.1	89.9

The Employer contributions that NCVO is due to pay into the defined benefit scheme during 2011/12 total £207,000.

## 22. TAXATION

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

## 23. RELATED PARTIES

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

As stated in the CAF Trust Deed, the Chair of NCVO occupies one Trustee position on the Board of the Charities Aid Foundation. This position is currently filled by Martyn Lewis.

CaSE (Charity and Social Enterprise Insurance Management LLP), is a related party of NCVO through NCVO Trading Limited's holding of 40% of its equity. During the year NCVO Trading Limited, increased its investment in CaSE to 40% by purchasing CAF's share of the business for £100k. CaSE has been accounted for as a joint venture and consolidated on the SOFA and balance sheet.

NCVO also holds an investment of 33% in Trustees Unlimited LLP, a related party joint venture between NCVO Trading Limited, Russam GMS and Bates Wells & Braithwaite, who each hold a third of the shares. This investment was purchased in 2009/10 at a cost of £1k, which was repaid by the LLP during 2010/11. Whilst technically a joint venture due to the proportion of the holding, the results of Trustees Unlimited have not been consolidated as they are not considered material. Its results for the year showed a profit of £706.

The partner of Sir Stuart Etherington, Chief Executive of NCVO, is an equity partner with Bates Wells and Braithwaite London LLP, NCVO's legal advisers. NCVO have a specific policy in place to avoid any potential conflicts of interest arising by ensuring that all significant elements of work are overseen by the Deputy Chief Executive, Ben Kernighan, in consultation with the Chair, Martyn Lewis. Professional fees of £22,938 were paid to Bates Wells and Braithwaite during the year for legal advice. There was an outstanding balance owed at 31 March 2011 of £1,476. NCVO jointly runs its annual Trustee conference with Bates Wells and Braithwaite and is a partner with them in CaSE Charity and Social Enterprise Insurance Management LLP, and Trustees Unlimited LLP.

## 24. SUBSIDIARY AND PARENT COMPANY RESULTS

The charity owns 100% of the issued share capital in NCVO Trading Limited. The company made a profit of £814k for the year ended 31 March 2011. The investment at cost is £1.

	Trading Company 2011 £'000	Trading Consolidated 2011 £'000	Trading Company 2010 £'000
<b>Summary profit and loss account</b>			
Turnover	1,516	1,541	1,617
Cost of sales	(675)	(678)	(720)
Gross profit	841	863	897
Other operating income	13	13	1
Expenditure	(40)	(61)	(78)
Net profit before gift aid	814	815	820
Gift aid to NCVO	(814)	(814)	(820)
<b>Summary balance sheet</b>			
Fixed Assets - Investments	145	146	46
Debtors	395	395	270
Cash at bank and in hand	520	520	1,083
	1,060	1,061	1,399
Creditors: amounts falling due within one year	(1,060)	(1,060)	(1,399)
Creditors: amounts falling due after one year	-	-	-
<b>Net Assets</b>	-	1	-

# FUNDERS, PARTNERS, CORPORATE AND PUBLIC SECTOR MEMBERS

## WE WOULD LIKE TO THANK THE FOLLOWING ORGANISATIONS FOR THEIR SUPPORT OF NCVO'S WORK IN 2010/2011

10again	Case Insurance LLP	Dementia Care Matters
3D HR Ltd	Cass Business School	Devonshires Solicitors
Academia Ltd	CCLA Investment Management	Diverse City Services
ACEVO	CCWorks Ltd	Dulverton Trust
Achill Management	Cega Consulting	Eileen Murphy Consultants
Action Planning	Centre for Giving and Philanthropy	Elaine Willis Consultancy
Acton Shapiro Limited	Centrepoint Software	Eleanor Stanley
ACVO-services	Charitable Futures	Emica Consulting
ADL Software Ltd	Charities Aid Foundation	Eminence Grise
Adobe	Charity Bank	Empower Support for the Voluntary Sector Ltd.
Adrian Ashton	Charity Fundraising Ltd	Entec Novare Ltd
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Agenda Consulting	Charity Learning Consortium	Essential Planning Ltd
Alan Chapman Consultancy	Charity Property Help	European Commission
Alba	Charlie Cattell Social Economy Consultancy	Firetail
Ann Lewis Coaching	Chartered Society of Physiotherapy	Forster
Ansvar Insurance Co Ltd	City Bridge Trust	Foundations Consultancy
Aperio Group (Europe) Ltd	Citigate Dewe Rogerson	Funding Ideas Ltd
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Axiomatic	Class Telecommunications	Future Focus Scotland
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BASSAC	Community Sector Coalition	get2thepoint
Bates Wells and Braithwaite Solicitors LLP	Community Trade Union	Global Placement Provider Ltd.
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BC Consultancy Services	Computer Logistics Ltd	Goodworld Communications
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Big Lottery Fund	Co-Operative Bank plc	Grange Group
Birdsong Charity Consulting	Co-Operative Financial Services	Guardian News and Media
Blackbaud Europe Limited	Co-Operative Systems	Hanson Consulting
BlueSpark Consulting LLP	Corporate Culture	Harbottle & Lewis LLP
BMG Research	Cortex Data Solutions Ltd t/a Cortex Donations	HeartRace Ltd.
Bob Widdowson	Coupleworks	Hempsons
Bond Payroll Services	Crowe Clark Whitehill	Herefordshire County Council
bRAP	CS Healthcare	Hertfordshire County Council
BUPA	CSiS Charity Fund	Holmes Consultancy Services
C3imaging	Danwood	Horizon Computer Solutions
Calouste Gulbenkian Foundation	Data Analysis Solutions Ltd	Hospital Saturday Fund Charitable Trust
Camelot Group plc	De Voil Consulting	HR Services Partnership Ltd
Capacitybuilders	DEFRA	IBM UK Trust

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National Centre for Diversity	Sift	
National Children's Bureau	Sir John Sumners Trust	
National Federation of Polish NGO's	SJ Royce	
Natural England	Skills - Third Sector	
	Skills for Care	
	Sophos	



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