

National Association for Voluntary and Community Action

Annual review & financial statements

Year ended 31 March 2014

Company Number: 2575206

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Legal and administrative details

Legal status

NATIONAL ASSOCIATION FOR VOLUNTARY AND COMMUNITY ACTION is a charity (No 1001635) and a company limited by guarantee (No 2575206)

Directors and trustees

The directors of the charitable company ('the charity') are its trustees for the purpose of charity law and throughout the report are collectively referred to as the trustees

The trustees of the charity during the year were as follows

Caroline Schwaller	Chair
Sue Dovey	Vice-Chair Re-appointed January 2014
John Tizard	Vice-Chair Appointed January 2014
Sajid Hashmi MBE	Treasurer Re-appointed January 2014

Lola Barrett	
Heather Farley	
Fiona Ellis	
Pamela Ball	
Simon Wright	
Soo Nevison	
Jake Ferguson	Appointed November 2013

Richard Gutch	Retired November 2013
Sally Pickering	Retired November 2013
Kim Harper	Retired January 2014

Since National Association for Voluntary and Community Action is a company limited by guarantee, it does not have any paid up share capital

Chief Executive

Neil Cleeveley (acting from 1 August 2014)
Joe Irvin (to 31 July 2014)

Company Secretary

Isabel Hartland

Principal and Registered Office

The Tower
2 Furnival Square
Sheffield
S1 4QL

Auditors

Barber Harrison & Platt
2 Rutland Park
Sheffield
S10 2PD

Bankers

Unity Trust Bank plc
Nine Brindleyplace
4 Oozells Square
Birmingham
B1 2HB

Investment Managers

Investec Wealth and Investment
Beech House
61 Napier Street
Sheffield
S11 8HA

Chair's Report

I have pleasure in introducing the Annual Accounts and Directors' Report 2013-14. The following pages give a flavour of our work over the past year and reflect an organisation that continues to be passionate about its work and is ready to speak up with strength and clarity on behalf of its members.

We end the year in good financial shape but with considerable challenges ahead, not least the ending of our strategic grant from Office of Civil Society, which represents a significant reduction in our unrestricted income. We remain an OCS strategic partner for the coming year at least and will maintain the strong links we have with it and other government departments; it is vital for our members' interests that we continue to do so. One example of how we have sought to do this is our evaluation of the Transforming Local Infrastructure programme, which has enabled us to shine a spotlight on the huge amount of great work that our members do in support of voluntary and community action.

We also saw the end of the last of our Big Lottery Fund programmes, which had done much to sustain our support for members' work to build local partnerships. Whilst some doors have closed for the time being, others remain open. I am delighted that we successfully renewed our membership of the Health and Care Strategic Partner Programme, which will enable us to continue to help members to support the involvement and participation of the local voluntary and community sector in local health initiatives.

We enter the final year before the General Election with a solid base that will afford us some security in what are already challenging and uncertain times for our sector. Yet we are well aware that as resources diminish we cannot assume business as usual, neither for National Association for Voluntary and Community Action nor our members. That is why we initiated the Independent Commission on the Future of Local Infrastructure. The Commission is chaired by Sara Llewellyn, chief executive of the Barrow Cadbury Trust, and comprises a group of high calibre people with a wealth of knowledge of the local voluntary and community sector and a strong commitment to its support infrastructure. It is taking a fresh and radical look at how those of us who care about local infrastructure can plot a course *together* across the sea of uncertainty to secure a solid future for our vital work. I look forward to seeing the results of their deliberations. All of us at the National Association for Voluntary and Community Action appreciate the time they are giving to this endeavour.

All that we achieve is down to the essential work and involvement of members, and the dedication of the National Association for Voluntary and Community Action's hard working staff team, as with many organisations in the voluntary sector recent times have not been easy, but their commitment to our cause remains undimmed. They are guided by a thoughtful and equally committed board of trustees, who give time out of busy lives to offer wise and strategic counsel.

Whatever the future holds we will continue to ensure that our members are well served and that we work with them to emphasise that local voluntary and community action has a strong national voice

Caroline Schwaller

Chair

Trustees' report

The trustees, who are also directors for the purposes of company law, are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2014

The legal and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements and the Statement of Recommended Practice – Accounting and Reporting by Charities issued in March 2006.

Structure, governance and management

Governing document

National Association for Voluntary and Community Action is a charitable company limited by guarantee, incorporated on 21 January 1991 and registered as a charity on 24 January 1991. The company is governed by its Memorandum and Articles of Association which were last amended on 6 November 2013. In the event of the company being wound up, members are required to contribute an amount not exceeding £5.

Appointment of trustees

The trustees who have served during the year and since the year end are set out on page one. The trustees are elected annually by the members of the charity and serve for an initial period of three years. A further three-year term may be served. Trustees must be nominated by member organisations. The Board may also appoint up to three trustees in order to ensure it has an appropriate range of skills and experience. These trustees shall be eligible for re-appointment provided that they do not hold office for more than six consecutive years as an appointed or elected trustee. The two Vice-Chairs and the Treasurer are elected annually from within the board.

All trustees give their time freely and no trustee was paid during the year. Details of trustee expenses and related party transactions are disclosed in note 10 to the accounts. Trustees are required to disclose all relevant interests and register them with the Company Secretary and, in accordance with the organisation's Memorandum and Articles, withdraw from decisions where a conflict of interest arises.

Trustee induction and training

National Association for Voluntary and Community Action provides an induction day for all new trustees. We also supply them with a handbook with wide-ranging contents.

Trustees are encouraged to attend appropriate training courses and conferences. National Association for Voluntary and Community Action has a specific budget for this purpose.

Internal control and risk management

The trustees examine the major risks which the charity faces in relation to external factors and relationships, its governance and management, its internal operations and its business. The management of risk is reviewed by the Senior Management Team and by the Trustee Board.

The trustees continue to keep under review the systems of internal financial control. The systems have been designed to provide reasonable, but not absolute, assurance against material mis-statement or loss. They include:

- a strategic plan and an annual budget approved by the trustees
- regular consideration by the trustees of financial results, variance from budgets and performance against the non-financial annual plan
- delegation of authority and separation of duties

The internal financial controls conform to guidelines issued by the Charity Commission.

Objectives and activities

National Association for Voluntary and Community Action is the national voice for local charity infrastructure. The cornerstone of National Association for Voluntary and Community Action's success and the primary way we demonstrate our commitment to local voluntary and community action is by providing leadership and support to our members. We exist to support a vibrant network of local infrastructure charities across England, and to help them grow in strength, confidence and impact. The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the organisation's strategic aims and in planning future activities.

In 2013 the economic climate, charity funding environment and changes to how infrastructure services are funded at all levels demanded that we took a fresh look at how we undertake this work. National Association for Voluntary and Community Action's new Strategic Plan, adopted for 2013 – 2016, demonstrated we understood the challenges and that they meant we needed to change. Our strategic plan recognised that National Association for Voluntary and Community Action would be a smaller organisation and looked at how we would deliver the services members need with fewer staff.

Our Strategic Plan recognised the impact of increased marketisation and competition, in particular the 'demand-led' approach to funding infrastructure, poses tremendous challenges to National Association for Voluntary and Community Action members. In this climate it is crucial that National Association for Voluntary and Community Action

continues to promote the value that locally owned and delivered services create for beneficiaries and funders

The strategic review identified four key areas that are the building blocks for National Association for Voluntary and Community Action's future success

- A new contract with members
- An effective voice
- A well mobilised workforce
- More balanced income generation

1. A new contract with members

National Association for Voluntary and Community Action has a strong reputation as a member-focused organisation. Supporting and championing our members is at the heart of all our work. In 2013 we decided to strengthen this aspect of our work further by creating a new contract with members.

The strategy for building stronger relationships with our members focused on enhancing the benefits of membership, strengthening our members and improving our outreach work with them. Building greater networking and reciprocity between members was identified as key to achieving this.

Helping members provide excellent services

National Association for Voluntary and Community Action has always provided members with training and development support. This helps them provide improved services to local charities and community groups. In 2013/14 we held

- Eight health roadshows promoting wider local engagement across the new health and care landscape. These included sessions on governance for local Healthwatch boards, equalities for local health organisations and increasing influence and voice as well as sessions on social prescribing and ABCD.
- Five equality training workshops with health provider organisations.
- Six representation workshops for National Association for Voluntary and Community Action members and their networks.

We also held five Public Law workshops in 2013/14. National Association for Voluntary and Community Action is known for the work we have done to train and equip the local voluntary sector to use public law to challenge unfair decisions by public bodies. This work has helped improve local decision making and partnership working. Over 4,000 people have received public law training from National Association for Voluntary and Community Action and this is an excellent example of work initially established with a lottery grant that we have been able to maintain.

Leadership

The unprecedented change confronting the voluntary sector calls for strong leadership, which is why our new contract with members included a greater emphasis on supporting those who lead our members

National Association for Voluntary and Community Action has developed a bespoke leadership support programme to help leaders of local infrastructure charities. In 2013/14 we delivered two full leadership programmes to 13 Chief Officers or senior managers of local infrastructure charities. In addition 11 Chief Officers of local infrastructure charities participated in an adapted form of the programme. A further group participated in the full programme commissioned at a local level, which included leaders of frontline groups. Elements of the leadership programme have been delivered to 78 leaders of local charities as part of other events.

As well as being unique, the support offered proved extremely popular with 100% of National Association for Voluntary and Community Action members who participated describing the programme's overall learning experience as good or excellent. Our package of leadership support also included coaching for the leaders of National Association for Voluntary and Community Action members and in 2013/14 we provided 35 coaching sessions.

Dame Mary Marsh review

Our focus on leadership meant we were keen to support Dame Mary Marsh's Social Sector Skills and Leadership Review. As well as being involved in the review's production and dissemination, in late 2013 members of National Association for Voluntary and Community Action's Senior Management Team met with Dame Mary Marsh to discuss how the recommendations could be promoted within our networks.

Chief officer Residential Event (CORE)

CORE is a highlight of the National Association for Voluntary and Community Action calendar. This residential event is an established fixture for leaders of National Association for Voluntary and Community Action members to learn, share experiences and network. The theme of CORE 2013 was the changing landscape of infrastructure with the theme "- Are we a movement or a market". The opening session considered the changing nature of capacity building support and wider infrastructure services, in particular the implications of *BIG Assist*, *Building Capabilities* and *Transforming Local Infrastructure*.

Quality Award

Our new contract with members includes supporting them to deliver quality services. National Association for Voluntary and Community Action's Quality Award allows members to demonstrate they are a leading provider of services in their area. It is an externally audited evaluation of the services offered to local charities and community groups. In 2013 we launched a revamped Quality Award to support our new contract with

members. The new Quality Award is more relevant and easier to apply for although it remains as rigorous as ever. In 2013/14 there were 10 renewals and 1 first time award. There are currently 69 organisations with the quality award and 15 organisations working toward it.

Helping members generate new income through Essentials

Earning income is a major challenge for National Association for Voluntary and Community Action members. In 2013 we were delighted to be able to offer new support to members through our launch of National Association for Voluntary and Community Action Essentials. Essentials involves four suppliers - Zurich Insurance, Utility Aid, The Co-Operative Business Telecoms and Charity Backroom. They were selected because of their charity-centric approach and commitment to quality. As well as being a useful tool to support local charities, it offers additional income to participating National Association for Voluntary and Community Action members.

2. An effective voice

National Association for Voluntary and Community Action prides itself on being the national voice of local infrastructure charities in England. Through our membership network we reach over 160,000 local charities and community groups. This gives National Association for Voluntary and Community Action a unique ability to provide a national voice for local charities and community groups and also a valuable route to get messages to a grassroots level. The second strand of our Strategic Plan launched in 2013 was to be a more effective voice for members.

Making the case for infrastructure

A thorough case for charity infrastructure backed up by research has never existed. The funding pressures faced by National Association for Voluntary and Community Action's members increased their need for such a piece of work. Hearing these concerns, National Association for Voluntary and Community Action sought to address this in 2013/14 by developing plans for a Commission on the Future of Local Infrastructure. The Commission is an independent evidence-based inquiry to examine existing local voluntary and community infrastructure and the challenges and opportunities it is likely to face was designed. The Commission was launched on 31 March 2014 with an aim of publishing its findings in late 2014.

Giving a voice to local voluntary action

Through our links with Government, national organisations and key funders we raise and promote issues of key concern to our members and the local charities and community groups they work with. We are in regular contact with ministers, opposition politicians, local politicians and key influencers and decision makers. During the year we participated in a variety of national programmes and bodies including,

- The Health and Care Strategic Partner programme (alongside the Department of Health, Public Health England and NHS England)
- Office for Civil Society Strategic Partner programme

- Department of Health Citizen Insight group
- Department of Health Voluntary Sector & Social Enterprise Sounding Board
- NHS England Building Health partnerships board
- Home Office VCS Stakeholder Forum
- Home Office Serious Organised crime group
- Home Office Citizens in Policing group
- Department of Communities and Local Government Communities Partnership Board
- Department for Education National Children's Partnership Board
- Cabinet Office Voluntary sector transition group, EU procurement directives
- Department of Work and Pensions Charities Pensions Working group

Consultations

As well as informal lobbying, a key part of National Association for Voluntary and Community Action's work to give a voice to the concerns of local charities and community groups is to respond to official consultations. In 2013/14 we responded to the following consultations

- ONS census consultation
- DWP Commissioning Strategy
- Proposed changes to TUPE regulations
- The Government's proposals for further reform of Judicial Review
- The Government's Measuring Child Poverty consultation on proposed child poverty indicators
- The Cabinet Office consultation, led by Lord Young, on making public sector procurement more accessible to SMEs
- New EU Procurement Directives ("Light-Touch" Rules)
- Healthwatch England's future strategy
- Big Lottery Fund Triennial Review
- Charity Commission's powers to tackle abuse
- The Law Commission's project on charity law

We made all consultation responses public by publishing them online

We also represented our members and promoted local voluntary action to Parliament. We made a joint submission with Locality to the Public Administration Select Committee

(PASC) Inquiry into the Citizen and Public Services and National Association for Voluntary and Community Action Chief Executive, Joe Irvin, gave evidence to a PASC session on public service reform

Communicating on the key issues of relevance

As the national body for local infrastructure our policy interests can be wide, reflecting the many and varied interests of local charities and community groups. The pressures we faced meant that we decided in our new strategic plan in 2013 that we would best serve members by focusing on a smaller number of key issues to increase our influence and the difference we can make.

- **Social value**

National Association for Voluntary and Community Action has led work to promote the adoption of Social Value as it has the potential to vastly increase the involvement of charities and community groups in the delivery of local public services. Throughout the year we were involved in numerous speaking engagements and workshops held with both members and to public sector audiences where we have promoted social value, including participation in a meeting with Chris White MP to discuss progress of Act.

We organised a series of social value road-shows for public sector partners to share experiences and explore innovative approaches. The accompanying report and briefings were widely circulated.

- **Localism – community rights**

In 2013/14 we continued to promote the sector's understanding of Localism and community rights. One of the policy plenaries at CORE, our conference for chief officers, explored the future prospects for Localism and the implications for the local voluntary sector.

- **Compact**

We remain a member of the Compact Voice board and provided telephone and email support for members facing Compact disputes. We also arranged for a number of specialist lawyers to provide pro-bono advice in relation to public law disputes.

- **Lobbying Bill**

We campaigned on behalf of the local VCS against measures that would harm local voluntary action contained within the Lobbying Act, which made its passage through Parliament in 2013/14. National Association for Voluntary and Community Action joined the broad coalition opposing the measures and raised specific concerns about the implications of the Lobbying Act for small and local voluntary groups and their ability to campaign on behalf of their communities. We were successful in making the case for an increase in the registration threshold to £20,000 and the requirement that only the lead organisation need register when a coalition is formed to mount a campaign. We remain opposed to the Act and continue to call for its repeal.

Gathering and using intelligence from our members

National Association for Voluntary and Community Action has unique access to information about the issues and thoughts of local charities and community groups. Previously our limited research capability meant that we did not always make the best use of this information to influence decision makers. In 2013 National Association for Voluntary and Community Action addressed this by creating a new research post, which has increased our capacity in this key area. We were pleased to be able to work with Charityworks, the UK non-profit sector's graduate programme, to fill this post.

National Association for Voluntary and Community Action published three research reports in March 2014 exploring the extent to which voluntary sector organisations feel able to influence Joint Strategic Needs Assessments (JSNA) and the nature of their relationship with local clinical commissioning groups (CCGs) and local Healthwatch. We also published case studies from members highlighting their role in supporting the involvement of the sector, including under represented and disadvantaged groups, in the emerging health structures. A further research publication was a good practice case study document highlighted National Association for Voluntary and Community Action members' work to reduce winter pressures on health services.

Transforming Local Infrastructure (TLI)

TLI was a major programme for local infrastructure that ran from March 2012 to September 2013. National Association for Voluntary and Community Action has led on work to share the learning and maximise its impact for local charities and community groups. National Association for Voluntary and Community Action published reports on planned work by TLI partnerships and early indications of TLI success. In November 2013 we published research by Sheffield Hallam University on the contribution of local businesses could make to the local voluntary sector, which drew upon examples TLI had made possible.

Our increased research capacity enabled us to take on a commission from the Office for Civil Society to undertake the most thorough research that will be undertaken into TLI. We analysed all 74 End of Grant reports from TLI partnerships and held 6 workshops across the country that allowed us to dig deeper into the evidence. This resulted in a report containing 6 themed chapters to help share the learning. Without this work many of the key lessons from a major funding programme would not have been properly understood or learnt.

Providing members with relevant briefings and resources

Communication is at the heart of National Association for Voluntary and Community Action's work. We have two way communications to get messages to our members and through them to grassroots organisations, and information from local charities to decision makers. In 2013/14

- We grew our subscriber list to 2000 for Linx, our weekly ebulletin. Subscribers included members, other charities, civil servants and public officials
- We made our Health and Social Care bulletin monthly, and reached 500 subscribers
- We sent direct messages on key issues to members
- We produced quarterly issues of Circulation, our members' newsletter
- We grew our twitter followers to 5,400
- We started work on a new website to be better able to give members the information they need

Despite being a relatively small organisation, we remain a large voice. We were able to receive major media coverage in the third sector press during the year. Our views were sought on the key issues affecting the sector and we were successful in promoting our key policy concerns through proactive media activity.

3. A well mobilised workforce

The strategic plan required a new way of working within National Association for Voluntary and Community Action. In early 2013 we undertook a staffing restructure. The aim was to ensure that despite funding reductions we maintained the necessary staff skills required by the strategic plan. Since the restructure we have been working to make internal procedures at more appropriate for supporting a well-motivated workforce. We started work to create a better working culture where staff have greater control over their work, feel a strong connection to their colleagues and are focused on delivering excellent results for our members.

National Association for Voluntary and Community Action is proud to be a Living Wage employer.

4. More balanced income generation

Our new strategic plan included a strategy for having more balanced income generation. Increasingly we are operating in a tough financial situation making this a particularly difficult aim. Much of the public funding National Association for Voluntary and Community Action has used to provide services for our beneficiaries is disappearing and we need to raise more earned income to maintain this support. Our work on a new website and new branding will improve our ability to earn income.

We took a significant stride towards our aim in 2013/14 but we still have a long way to go. Consultancy income grew by a third from the previous year. Our unrivalled expertise and knowledge saw us become the biggest provider of support through Big Assist, the BIG Lottery Funded programme to support local infrastructure charities find new ways of working.

Membership fees were frozen because we understood the financial pressure members faced. Although this meant that the income from membership was not increased, as in

previous years we were able to use other income to ensure members received more support than their membership fee alone could make possible

Reserves policy

National Association for Voluntary and Community Action's reserves policy is to maintain a sufficient level of free reserves to enable the delivery of its strategic plan. The level of reserves needed is calculated based on a combination of the 'Armageddon' and 'risk identification' approaches.

During the year the reserves policy was reviewed to take account of the identified free reserves (unrestricted, undesignated reserves) in 2014. The result of this analysis showed that a reserves level of £300k for as a normal operating reserves level as the board had designated £600k to an organisational capability fund which would be used to underpin the cost of the resources required to deliver the strategic plan. The total unrestricted reserves were £1,189,695 of which the trustees designated £810,000 for specific purposes. The details of the designations can be found in note 17.

The trustees review the reserves policy and reserves level annually.

Financial review

2013/14 was a financially challenging year which saw a decrease in grant income of £1,473k year. This decrease was the result of a number of multi-year projects ending in 2012/13, the largest of which was the Local Commissioning and Procurement project, and a one off £1m Department of Health project. Consultancy and charitable contracts increased by £64k, 8.5%. Overall unrestricted income in the year decreased by £41k (5%) and restricted income by £1,388k. The unrestricted, realised deficit for the year was £133,988.

Expenditure decreased by £1,194k the majority of the decrease related to the £1m grant received in 2012/13.

The reserves that National Association for Voluntary and Community Action has built up over the last five years will be used to underwrite the cost of the work we do, for and on behalf of our members, while we continue to grow our other fee earning work, to this end the board has designated a fund of £600k. The unrestricted, undesignated reserves at the year-end were £379,695. This is £79,695 higher than the reserves target of £300,000 set by the board.

Investment powers and policy

Under its Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit. At the end of the year almost £500,000 had been invested. The remainder of the organisation's funds are held in deposit accounts. Funds are moved between accounts so as to maximise the interest earned. Bank interest receivable during the year amounted to £8,265.

The portfolio performance is measured against the FTSE APCIMS Balanced benchmark. The total portfolio return for the year was +6.74% against a benchmark of +5.58%. The capital return was +4.03% against a benchmark of +2.58% and the income yield was +2.6% against a benchmark of +3.0%. The trustees have considered the performance and found that the return is better than that available on short-term deposit and are satisfied with the return.

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of the National Association for Voluntary and Community Action for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to

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

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

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

The auditors, Barber Harrison & Platt, were re-appointed as the charity's auditors during the year and have expressed their willingness to continue in office, subject to the approval of members in a general meeting

Signed on behalf of the board

A handwritten signature in black ink, appearing to read 'CSchwaller', written in a cursive style.

Caroline Schwaller
Chair

Date 10 September 2014

Independent auditor's report for the year ended 31 March 2014

Independent Auditor's Report to the members of the National Association for Voluntary and Community Action

We have audited the financial statements of the National Association for Voluntary and Community Action for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable by law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, 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.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on 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 (APB'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 charitable company'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 Trustees' Annual Report 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 charitable company's affairs as at 31 March 2014, and of its 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 (applicable to smaller entities), and
- have been prepared in accordance with the requirements of the Companies Act 2006

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements, or
- the charitable company has not kept adequate accounting records, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit

Philip Allsop (Senior Statutory Auditor)
For and on behalf of Barber Harrison & Platt
Chartered Accountants
Statutory Auditor

26 September 2014

2 Rutland Park
Sheffield
S10 2PD

Statement of financial activities (incorporating an income and expenditure account)

Year ended 31 March 2014

		Unrestricted	Restricted	Endowment	2014	2013
	<u>Note</u>	<u>Funds</u>	<u>Funds</u>	<u>(Note 16)</u>	<u>Total</u>	<u>Total</u>
		£	£	£	£	£
Incoming resources						
Incoming resources from generated funds						
- Voluntary income	3	25	-	-	25	440
- Investment income	4	23,859	-	-	23,859	26,452
Incoming resources from charitable activities	2	795,981	376,130		1,172,111	2,596,828
Total incoming resources		819,865	376,130		1,195,995	2,623,720
Resources expended						
Cost of generating funds						
- Voluntary income		-	-	-	-	572
- Investment management costs		4,253	-	-	4,253	3,532
Costs of charitable activities	5	924,202	461,054	-	1,385,256	2,564,108
Cost of activities in furtherance of the charity's objectives						
Governance costs	6	33,403			33,403	49,493
Total resources expended		961,858	461,054	-	1,422,912	2,617,705
Net incoming/(outgoing) resources for the year		(141,993)	(84,924)		(226,917)	6,015
Gain/(loss) on investment						
- Realised		8,005	-	-	8,005	1,419
- Unrealised		19,612	-	-	19,612	58,805
Net movement in funds		(114,376)	(84,924)	-	(199,300)	66,239
Funds as at 1.4 13		1,304,071	115,038	4,588	1,423,697	1,357,458
Funds as at 31 3 14		1,189,695	30,114	4,588	1,224,397	1,423,697

All amounts derive from continuing activities

All gains and losses recognised in the year are included in the Statement of Financial Activities

The deficit for the year for Companies Act 2006 purposes comprises the net outgoing resources for the year and the realised gains on investments and was **£218,912** (2013 surplus of £7,434)

Balance sheet as at 31 March 2014

	<u>Note</u>	Unrestricted	Restricted	Endowment	2014 £ Total	2013 £ Total
Fixed assets						
Tangible assets	13	6,825			6,825	
Investments	14	581,887			581,887	562,190
		588,712			588,712	562,190
Current assets						
Debtors	15	146,219	25,190		171,409	65,748
Cash at bank and in hand		756,763	60,182	4,588	821,533	1,939,829
		902,982	85,372	4,588	992,942	2,005,577
Creditors Amounts falling due within one year	16	301,999	55,258	-	357,257	1,144,070
Net current assets		600,983	30,114	4,588	635,685	861,507
Net assets		1,189,695	30,114	4,588	1,224,397	1,423,697
Accumulated funds						
General		379,695	30,114	4,588	414,397	1,088,697
Designated	17	810,000	-	-	810,000	335,000
		1,189,695	30,114	4,588	1,224,397	1,423,697

These financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 2006 relating to small companies

The financial statements on pages 19 to 39 were approved by the Trustee Board on 10 September 2014 and are signed on its behalf by



Caroline Schwaller – Chair and Director
Company registration number 2575206

Notes to the accounts

Year ended 31 March 2014

1. Accounting policies

a) **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable accounting standards and the Companies Act 2006

The company has taken advantage of the exemption from preparing a cashflow statement conferred by Financial Reporting Standard No 1 on the grounds that it is entitled to the exemptions as a small entity

b) **Separate funds**

Incoming and outgoing resources are split between restricted funds, designated funds and other unrestricted funds. Closing funds are categorised in the same way

(i) **Restricted funds**

These are funds subject to specific trusts which may have been declared by the funders or with their authority, but still within the objects of National Association for Voluntary and Community Action. They may be restricted income funds which are expendable at the discretion of the trustees in furtherance of a particular project or objective of National Association for Voluntary and Community Action. Alternatively they may be capital funds where the funds are required to be invested in fixed assets for charity use or in investment assets which are called Endowment Funds. The restricted funds of the charity are detailed in note 18

(ii) **Designated funds**

These are unrestricted funds which have been designated by the trustees for a particular purpose or project which they have decided to undertake, see note 17

(iii) **Unrestricted funds**

These are expendable at the discretion of the trustees in the furtherance of the objects of National Association for Voluntary and Community Action

c) **Grants receivable**

Grants receivable are recognised in the Statement of Financial Activities when the conditions for receipt have been complied with. Grants receivable in respect of certain activities are paid in relation to a given period such as a year and in these circumstances the grants are deferred to the extent that they relate to future accounting periods.

Those grants which have conditions attached, and for example are provided to deliver a service and therefore are similar in economic terms to trading income, are included within 'Income from charitable activities'.

d) **Grants payable**

Grants payable are payments made to third parties in the furtherance of the charitable objects of National Association for Voluntary and Community Action. Single or multi- payments are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of National Association for Voluntary and Community Action.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

e) **Incoming resources from charitable activities**

Income from charitable activities is included in the year in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

e) **Investment income**

Bank interest and quoted investment income is accounted for on a receivable basis.

f) **Endowment fund income**

The income from the Sir John Wrigley Bequest is included within restricted income when it becomes receivable. Details of the restriction are included in note 19.

g) **Resources expended**

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be recovered, and it is reported as part of the expenditure to which it relates.

Expenditure that is directly attributable to specific activities has been included in those cost categories. Other costs, which are attributable to more than one

activity, are apportioned across cost categories on the basis of an estimate of the proportion of staff time spent on those activities

- **Charitable activities**

These are the direct and indirect costs of National Association for Voluntary and Community Action's work to meet its charitable objectives. They include the costs of specific projects as well as the cost of core services

All staff costs and overheads not allocated to the cost of generating funds or governance costs have been allocated to charitable activities

- **Governance costs**

This includes the direct and indirect costs relating to external audit and to the constitutional and statutory requirements of managing the organisation

h) **Tangible fixed assets**

Tangible fixed assets are included at original cost less accumulated depreciation

Depreciation is calculated so as to write off the cost of fixed assets over their expected useful lives at the following annual rates

IT equipment	-	3 years straight line
Office furniture and fittings	-	5 years straight line

Only expenditure on fixed assets exceeding £1,000 per item is capitalised

i) **Operating leases**

Rentals payable under operating leases are charged to the 'Statement of Financial Activities' as incurred over the term of the lease

j) **Pension costs**

The charity has both a group personal pension plan and also contributes to employees' personal pension plans. Contributions are charged to the 'Statement of Financial Activities' as they become payable

k) **Investments**

All investments are valued at market value at the balance sheet date. Any changes in value in the year are reported in the 'Statement of Financial Activities' and historical costs are disclosed separately by way of a note

2. Incoming resources from charitable activities – Analysis by activity

	<u>Membership fees and charitable purpose contracts</u>	<u>Unrestricted grants and sponsorship</u>	<u>Restricted grants and sponsorship</u>	<u>2014 Total</u>	<u>2013 Total</u>
		£	£	£	£
Membership fees	74,250	-	-	74,250	78,399
Representing members to government	1,447	172,535	20,000	193,982	303,509
Learning and development	260,486		99,000	359,486	457,981
Member support	63,681	-	14,000	77,681	1,453,260
Policy and research	75,599	-	70,190	145,789	141,252
Advice, information and comms	86,805		84,915	171,720	106,075
Consultancy	61,178	-	-	61,178	46,352
Merger funding	-	-	88,025	88,025	10,000
	623,446	172,535	376,130	1,172,111	2,596,828

Grant and project income	2014	2013
Unrestricted	£	£
Office of Civil Society - strategic grant	172,535	258,803
Restricted		
Office of Civil Society - structural reform grant	88,025	
Ministry of Justice via Clinks	20,000	20,000
Department for Education via National Children's Bureau	19,998	
Department for Education via Children England		85,270
Big Lottery via Society Network Foundation	22,917	
Big Lottery - Commissioning and procurement		166,586
Big Lottery - public law		2,800
Office of Civil Society - TLI project	25,190	
Department of Health -strategic partner fund	200,000	199,322
Department of Health -Building Health Partnerships		1,000,000
Department of Health -Healthwatch		94,570
Department of Health -Links legacy		22,019
Home Office - Safer Future Communities Fund		113,019
Home Office - Citizens in Policing Fund		50,000
Esmee Fairbairn Foundation		10,000
Total restricted	376,130	1,763,586
Total grants and project income	548,665	2,022,389
Membership fees and charitable purpose contracts	623,446	574,439
Total resources from charitable activities	1,172,111	2,596,828

3. Incoming resources from generated funds – Voluntary income

	2014	2013
	£	£
Voluntary income		
Other	25	440
	<u>25</u>	<u>440</u>

4. Investment income

	2014	2013
	£	£
Dividends	15,594	14,127
Interest	8,265	12,325
	<u>23,859</u>	<u>26,452</u>

5. Cost of charitable activities

	<u>Direct</u>		<u>Support</u>	2014	2013
	<u>Costs</u>	<u>Grants</u>	<u>Costs</u>	<u>Total</u>	<u>Total</u>
	£	£	£	£	£
Representing members to government	221,475	-	21,133	242,608	378,960
Learning and development	308,135	-	27,310	335,445	426,490
Member support	210,936	8,040	33,162	252,138	1,448,804
Policy and research	153,489	-	14,793	168,282	94,041
Advice, information and comms	155,341	-	8,453	163,794	110,514
Consultancy	50,365	-	5,852	56,217	79,522
Merger	104,288	-	1,951	106,239	25,777
Repayment of funds not spent	60,533	-	-	60,533	-
	<u>1,264,562</u>	<u>8,040</u>	<u>112,654</u>	<u>1,385,256</u>	<u>2,564,109</u>

Support costs

Support costs totalling £118,858 have been allocated across the activities of the charity including a total of £6,204 between governance, and investment management costs. Support costs include expenditure associated with providing central services: IT, premises, finance,

marketing and communications, HR as well as policy support and capacity building. Costs are allocated based on time spent by staff supporting the activities.

	2014		2013	
	Number of posts	£	Number of posts	£
Finance	1.25	9,171	1.25	36,478
HR	0.25	1,834	0.5	14,591
IT	0.5	3,668	0.5	14,591
Management	2.50	18,342	2.75	80,251
Marketing and communications	1.5	11,007	1.5	43,773
Capacity building	5.2	38,152	2.5	72,955
Policy support	5.00	36,684	3.0	87,547
Total	16.20	118,858	12.00	350,186

6. Governance costs

	2014	2013
	£	£
Auditors' remuneration	5,450	5,000
Trustee board expenses	11,383	14,546
Staff costs	14,620	19,024
Premises costs	943	4,306
Other overhead costs	1,007	6,617
Depreciation and profit on disposal of fixed assets	-	-
	33,403	49,493

7. Grants payable

	Total 2014 £	Total 2013 £
3VA	1,500	
ACRE		500
Age UK		500
Ambition		500
Attend		500
British Epilepsy Association		500
British Youth Council		500
Care Forum	1,500	500
Citizens Advice		500
Community Action Hampshire	200	-
Community Action Network		500
Community Lincs		500
Community Matters		500
Croydon Voluntary Action		50,000
Cumbria CVS		1,750
Devon Reform EDP		1,250
Dudley CVS		50,000
East Riding Voluntary Action Services Ltd	200	-
Equalities National		500
GIRES		500
Guide Association		500
Hackney CVS		50,000
Hart Voluntary Action		50,000
Hindu Council UK		500
Homeless Link		500
Homestart		500
Hull CVS		1,500
Kennington and Chelsea Social Council		500

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Notes to the accounts

KIVCA		50,000
Lancaster District CVS		1,250
LGBT Consortium		500
Lesbian & Gay Foundation		50,500
Lichfield CVS		50,000
Locality		500
Mens Health Forum		500
NACRO		500
National Association of Gypsy and Traveller Officers		500
National Childminding Association		500
National Housing Federation		500
National LGB&T		500
Newcastle CVS		1,500
North Yorkshire and York Forum	200	-
NUS		500
PHAB		500
Pioneer Care Centre		50,000
Prisoners Families		500
Race Equality Foundation		500
RAWM		1,250
Refugee Action		500
Refugee Council		500
ROTA		500
Rydale Voluntary Action	200	
Scout Association		500
Seachange	200	-
Sefton CVS	200	-
Shelter		500
Shropshire Providers Forum		50,000
Small Charities Coalition		500
Spectrum		50,000
Surrey Voluntary Action		1,250

Sutton CVS Charity Company		500
Voice4Change		500
VAST	1,500	
VA Leeds		1,500
VA Leicestershire		1,250
VA Norfolk	1,740	500
VA Swindon		50000
VA Within Kent	200	
VCA Wirral	200	
Voscur	200	52,750
Wolverhampton VCS		500
Women's Health & Equality Consortium		500
YMCA		500
Youth Access		500
	8,040	637,250

£6,040 of the grant funding was made out of restricted funds.

8. Pension costs

National Association for Voluntary and Community Action makes payments on behalf of employees into individual personal pension plans and also its own group personal pension plan. The assets of these schemes are held separately from those of National Association for Voluntary and Community Action in independently administered funds. The pension cost charge in the income and expenditure account represents contributions payable by National Association for Voluntary and Community Action to the funds £34,484(2013 **£42,241**) plus the annual additional deficit contributions to the Pensions Trust multi-employer scheme, £4,658 (2013 £0). There were contributions payable of **£11,344** (2013 **£16,090**) at the year end and these are included in creditors. The £11,344 comprises £894 of accrued pension contributions where the pension company has not taken the correct amount and £10,450 of contributions relating to employees who have left the organisation without setting up a pension but where the organisation is still contractually bound to pay the pension contributions over

National Association for Voluntary and Community Action participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan. National Association for Voluntary and Community Action has been notified that it will have to pay an annual contribution as part of the Pension Trust's deficit reduction strategy for the next ten years. National Association for Voluntary and Community Action's contribution was £4,658.28 for the year ended 31 March 2014 and will be £4,798 for the year ending 31 March 2015. National Association for Voluntary and Community Action's S75 debt is

£91,202 excluding series 3 liabilities and £71,121 including series 3 liabilities. Full details of the Plan can be found at note 21.

9. Net income for the year is stated after charging:

	2014	2013
	£	£
Trustees' remuneration	-	-
Auditors' remuneration:		
- External audit	5,450	5,000
- Other services	-	-
Operating lease rentals - land and buildings	14,458	44,058
- photocopier	253	253
Depreciation of fixed assets	-	-
Total	20,161	49,311

10. Staff costs and trustees remuneration

	2014	2013
	£	£
Staff emoluments:		
Wages and salaries	581,298	646,590
Social security costs	61,648	68,623
Pension costs	39,142	42,241
Redundancy costs	-	31,175
	682,088	788,629
Other staff costs		
Agency staff		5,213
Recruitment	21,769	13,973
Other	-	-
	21,769	19,186
Total	703,857	807,815

None of the trustees received any remuneration during the year

	2014	2013
Employees earning between £70,000 - £80,000 per annum	1	1

Travel and subsistence expenses totalling £4,180 (2013 £7,378) was paid during the year to 11 trustees (2013 12 trustees). A majority of National Association for Voluntary and Community Action trustees are employees of National Association for Voluntary and Community Action members. National Association for Voluntary and Community Action sells services to, and buys services from its members. During the year no large or unusual transactions were made between National Association for Voluntary and Community Action and the organisations employing National Association for Voluntary and Community Action's trustees.

Simon Wright is a National Association for Voluntary and Community Action trustee and a director of Tennyson Insurance, which sells Zurich insurance to National Association for Voluntary and Community Action members. National Association for Voluntary and Community Action has no direct financial relationship with Tennyson nor does National Association for Voluntary and Community Action get commission from the sale of insurance.

11. Staff numbers

The average number of employees, analysed by function and calculated on a full-time equivalent basis was

	2014	2013
	Number	Number
Governance support	0.5	0.7
Representing members to government	3.5	4.7
Learning and development	4.0	4.7
Member support	4.4	4.2
Policy and research	2.1	2.8
Advice, information and comms	1.5	0.7
Consultancy	0.9	0.5
Merger	0.1	0.2
	17.0	18.5

12. Taxation

As a charity, National Association for Voluntary and Community Action is exempt from tax on income and gains falling within the available tax exemptions to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

13. Tangible assets

	IT <u>equipment</u>	Office furniture & <u>fittings</u>	<u>Total</u>
Cost	£	£	£
At 1 April 2013	95,171	106,818	201,989
Additions	6,825	-	6,825
Disposals	-	-	-
At 31 March 2014	101,996	106,818	208,814
Depreciation			
At 1 April 2013	95,171	106,818	201,989
Disposals	-	-	-
Charge for the year	-	-	-
At 31 March 2014	95,171	106,818	201,989
Net book amount			
At 31 March 2014	6,825	-	6,825
At 31 March 2013	-	-	-

14. Fixed asset investments

	2014 £	2013 £
Quoted investments		
At market value 1 April 2013	562,190	404,371
Additions	45,369	135,159
Disposals proceeds	(53,289)	(37,564)
Realised gain on disposal	8,005	1,419
Unrealised gain	19,612	58,805
At market value 31 March 2014	581,887	562,190

All investments are listed securities and comprise

	£
UK Fixed Interest	64,486
Overseas Fixed Interest	62,903
UK Equities	196,706
European Equities	22,516
North American Equities	84,846
Japanese Equities	17,542
Far East & Australian Equities	25,206
International Equities	7,200
Emerging Economies	14,753
Property	43,420
Alternative assets	42,309
	<u>581,887</u>

No individual security held accounts for more than 5% of the portfolio by market value

15. Debtors

	2014 £	2013 £
Amounts due within one year		
Trade debtors	129,803	47,130
Prepayments and accrued income	41,256	17,868
Other debtors	350	750
	<u>171,409</u>	<u>65,748</u>

16. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	63,136	17,035
Accruals	141,769	987,071
Tax and Social Security	11,193	3,483
Deferred income	141,159	136,481
	<u>357,257</u>	<u>1,144,070</u>

17. Designated funds

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

	Balance at <u>31.3.13</u> £	<u>Additions</u> £	Released/ <u>utilised</u> £	Balance at <u>31.3.14</u> £
Strategic plan implementation	200,000	-	(25,000)	175,000
Organisational capability 2014-17		600,000		600,000
Bursary fund	10,000	4,320	4,320	10,000
Website and database	75,000	-	(50,000)	25,000
Quality award update	50,000	-	(50,000)	-
	<u>335,000</u>	<u>604,320</u>	<u>(129,320)</u>	<u>810,000</u>

The designation of funds is made to ensure that known future expenditure has been provided for and also to provide for expenditure that has been identified as necessary after the budget for the following year has been set

Strategic plan implementation

This designation is to provide resources to support the strategic direction of the organisation. £80,000 was allocated from this fund for The Commission on the Future of Infrastructure

Organisational capability 2015-17

A fund to underpin the cost of the resources needed to deliver the strategic plan in the period 2014-17

Bursary fund

This designation is to be used to support members

Website and database

This designation is to provide funds for a new website and database

Released designations

The Quality Award designation has been released as the refresh was undertaken by staff and not by an external organisation

The website designation was decreased in part because it was contracted at a lower rate than budgeted and some of the cost was spent in year

18. Restricted funds

	Balance at <u>31 3 13</u>	Movement in resources		Balance at <u>31 3.14</u>
		<u>Incoming</u>	<u>Outgoing</u>	
	£	£	£	£
Local Commissioning and Procurement Unit	21,213	-	(21,213)	-
Health and social care	29,394	200,000	(229,394)	-
CIP	9,926	0	(9,926)	-
DFE	-	19,998	(19,998)	-
MOJ	-	20,000	(20,000)	-
BHP	28,897	-	(24,391)	4,506
OCS- TLI	-	25,190	(25,190)	-
OCS- Structural reform	-	88,025	(88,025)	-
Public Law Project	13,616	-	-	13,616
Tender Support Project	4,049	-	-	4,049
Campaigning and advocacy	2,463	-	-	2,463
SFC	5,480	-	-	5,480
Britain's Personal Best	-	22,917	(22,917)	-
	<u>115,038</u>	<u>376,130</u>	<u>(461,054)</u>	<u>30,114</u>

Local Commissioning and Procurement Unit – LCPU supports the development of a diverse local third sector, able to influence service planning, win contracts, and deliver quality public services

Health and social care – National Association for Voluntary and Community Action is a strategic partner with the Department of Health. The project aims to build local support and development organisation capacity and knowledge to improve the support they are able to offer on health and social care issues

Citizens in Policing – A project funded by the Home Office to encourage people to volunteer with the police

DfE – A programme of work funded by the Department for Education through Children England. National Association for Voluntary and Community Action supports local support and development organisations and voluntary and community groups by providing training on child poverty and business planning and by inputting into the

government's policy agenda on issues relating to services for children, young people and families

Ministry of Justice – Funded by MOJ Designed to support the voluntary and community sector to work with partners in local areas on the criminal justice system

Building Health Partnerships

Building Health Partnerships is a learning programme designed to improve collaboration between clinical commissioning groups (CCG) and local voluntary and community organisations and social enterprises (VCSE) It is being managed by National Association for Voluntary and Community Action in partnership with Social Enterprise UK (SEUK) and the NHS Commissioning Board, with the support of the Department of Health

Public Law Project – NCVO is the lead partner on the Big Lottery funded project This was to work with NCVO on development of a legacy for the project

OCS – TLI- Rolling out the findings from the TLI funding through events and a report

OCS – structural reform – Funding to help with a potential merger

Britain's Personal Best – A programme to build on the volunteering legacy from the Olympics

19. Endowment fund

The Sir John Wrigley Bequest was made in 1978 to the National Council for Social Services and subsequently devolved to National Association for Voluntary and Community Action The income from the bequest is being used as instructed, to assist the staff of CVS to take part in community work seminars, conferences and other training opportunities in the UK or in Europe

20. Obligations under operating leases

At 31 March 2014 the charity had annual commitments under non-cancellable operating leases terminating as follows

	Land and Buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Within 1 year			253	-
Between 2 and 5 years	19,050	19,050	-	253
More than 5 years				
Total	19,050	19,050	253	253

21. Pension obligations

- 1 National Association for Voluntary and Community Action participates in The Pensions Trust's Growth Plan (the Plan) The Plan is funded and is not contracted-out of the State scheme The Plan is a multi-employer pension plan
- 2 Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity
- 3 The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee
- 4 The Trustee commissions an actuarial valuation of the Plan every three years The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date Asset values are calculated by reference to market levels Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns
- 5 The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions
- 6 If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these
- 7 The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them
- 8 National Association for Voluntary and Community Action paid contributions at the rate of 7% during the accounting period
- 9 As at the balance sheet date there was 1 active member of the Plan employed by National Association for Voluntary and Community Action National Association for Voluntary and Community Action continues to offer membership of the Plan to its employees National Association for Voluntary and Community Action has closed the Plan to new entrants
- 10 It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable
- 11 The valuation results at 30 September 2011 were completed in 2012 and have been formalised The valuation of the Plan was performed by a professionally qualified

Actuary using the Projected Unit Method The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million The valuation therefore, revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%

- 12 The financial assumptions underlying the valuation as at 30 September 2011 were as follows

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation Retail Prices Index (RPI)	2.9
Inflation Consumer Prices Index (CPI)	2.4

- 13 In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions, such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years
- 14 The Scheme Actuary has prepared a funding position update as at 30 September 2013 The market value of the Plan's assets at that date was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%
- 15 If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall
- 16 The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan) A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation
- 17 Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4 The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up
- 18 The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan If the liabilities exceed assets there is a buy-out debt

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- 19 The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. Therefore, the amounts of debt can be volatile over time.
- 20 When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.
- 21 The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2013 the total deficit calculated on the buy-out basis was £219.9m.

Appendix 1

National Association for Voluntary and Community Action funders

National Association for Voluntary and Community Action would like to give a special thanks to our principal funders for their continued support

The Office for Civil Society
Big Lottery Fund
Department of Health
NHS Commissioning Board

National Association for Voluntary and Community Action would also like to thank the many other funders who supported us throughout the year

Clinks
Department of Communities and Local Government
Department for Education
Local Government Association
Ministry of Justice
NCB
NCVO
Public Law Project
Regional Voices

Corporate relationships

CCLA
Charity Backroom
Co-operative Bank
Tennyson
Unity Trust Bank
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