

navca
local focus national voice

**National Association for Voluntary and Community
Action**

**Annual review & financial statements
Year ended 31 March 2015**

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 MBE	Chair
Fiona Ellis	Vice-Chair Appointed December 2014
Sue Dovey	Vice-Chair Re-appointed December 2014
Soo Nevison	Treasurer Appointed October 2014

Dinah Lane	Appointed October 2014
Jake Ferguson	
John Tizard	
Mike Wild	Appointed October 2014
Sajid Hashmi MBE	Re-appointed October 2014
Will Lindesay	Appointed October 2014

Lola Barrett	Retired October 2014
Heather Farley	Retired October 2014
Pamela Ball	Retired October 2014
Simon Wright	Retired October 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 (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 am pleased to introduce the Annual Accounts and Directors' Report 2014-15, and what follows offers a taste of our work over the past year. It reflects an organisation that remains deeply committed to its members and the power of community action, and one that continues to offer them and those they serve a well informed and persuasive voice.

It has been a year of change and challenge, with the publication of *Change for Good*, the report of the Independent Commission on the Future of Local Infrastructure, being paramount amongst our achievements. When I introduced last year's annual report I said that neither NAVCA nor our members could assume 'business as usual'; the Commission's report bears that out. It was launched at a packed out event in the House of Commons in January and, as the financial year ended, we continued to debate and discuss its findings and recommendations and consider what they mean for NAVCA and our members. Everyone at NAVCA really appreciates the huge contribution Sara Llewellyn and her colleagues on the Commission made in igniting the debate about the future of local infrastructure; it will drive our work for some time to come.

We have been a member of the Health and Care Strategic Partnership for a number of years and I am delighted that this continues in 2015/16. Our priority has been to support the move to community based prevention and early intervention, primarily as a means of helping people improve their health and wellbeing, but also because it makes sound financial sense at a time when public services are under pressure. Many of our members have led the way in helping to make the shift and we will continue to support and promote their efforts and encourage others to join them.

You will see in this report that we continue to influence policy, campaign for social justice and speak out on behalf of our members and their communities. Being the authoritative voice of our members, rooted as it is in their experience, is part of our USP and we intend to concentrate our efforts even more on engaging with them and campaigning on the things that matter most to them.

Finally, a glance at the figures that follow will reveal that the past year has not been an easy ride for anyone at NAVCA, but a strong reserve position and a clear sense of direction means that we are well placed to face the future. We have set some demanding but achievable financial targets and have a clear set of objectives to guide us. That is down to having a committed board of trustees capable of robust challenge and debate, but, crucially, united of purpose and a dedicated and focused staff team.

Following a demanding year everyone at NAVCA remains fully signed up engaging our members in maintaining a strong and effective national voice for local voluntary and community action.

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 2015.

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 15 October 2014. 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.

Introduction

NAVCA, through our membership network, has a greater reach into the local voluntary sector than any other national organisation. NAVCA members support 160,000 local charities, voluntary organisations, community groups and social enterprises. This gives NAVCA a unique ability to provide the authentic voice of local voluntary action to national decision makers.

NAVCA members are local infrastructure charities. They help people and communities come together to form voluntary organisations and successfully run existing organisations. Cuts in public spending are increasing the need for local voluntary sector infrastructure to help communities fill gaps left by a retreating state.

This vital role of infrastructure is too often taken for granted. This crucial support provided to individuals and communities can be over-looked. For this reason in 2014-15 NAVCA set up an Independent Commission on the Future of Local Infrastructure as well as pursuing the four key building blocks NAVCA's strategic review identified for our future success:

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

Change for Good

As well as affecting many smaller charities, shrinking public sector budgets is having a major effect on local infrastructure organisations: Forcing many to re-think their purpose and challenging the way infrastructure support is provided. NAVCA took the view that this challenge is as big as any faced by members.

We set up the Independent Commission on the Future of Local Infrastructure in response to this rising concern that local infrastructure could be left behind by the quickening pace of social, political, economic and technological change. The commission was tasked with looking at the value of infrastructure and how it can be delivered in the future.

The 20-strong Commission was chaired by Sara Llewellyn, Chief Executive of Barrow Cadbury Trust, and contained independent members from the private, public and voluntary sector, and included rural, urban, city and regional perspectives. It met between April and December 2014 and took over a quarter of a million words of evidence from local groups, infrastructure organisations and national experts. The starting point for the Commission was how local infrastructure will meet the ever-growing demand for support with shrinking resources.

The Commission found that infrastructure will be needed in some form as long as people come together to form voluntary organisations and community groups. But the Commission concluded that the infrastructure of the future is likely to be a much leaner enabler, broker and catalyst rather than necessarily a deliverer. A key message from the Commission was that if the message to funders is to invest, the message to infrastructure has to be to change. This must be a 'something for something' deal.

The final report from the Commission, called Change for Good, was launched at a Parliamentary Reception in January 2015. It contains 19 recommendations and one overall main recommendation:

Local infrastructure needs to be redesigned and creatively resources to meet the challenges of tomorrow.

It is a key document in shaping NAVCA's work to ensure that local communities have the voluntary infrastructure support they need.

A new contract with members

NAVCA's membership of over 220 full members and 40 affiliate members cover over 95% of communities in England. More than just a membership network, our members are part of a movement committed to helping communities and people come together to undertake local voluntary action. This may be to improve their local area, pursue shared interests, support each other or campaign for change.

NAVCA has a strong reputation for being a member-focused organisation. Supporting and championing our members is at the heart of all our work. Our new contract with members builds on this by developing stronger relationships with members, strengthening our members and improving our outreach work with members. Key is building greater networking and reciprocity between members.

Chief Officer Residential Event (CORE)

Effective leadership is vital for healthy infrastructure. CORE is an established fixture for leaders of NAVCA members to learn, share experiences and network. The theme of CORE 2014 was shaping the future. During the year we also held an orientation day for new chief officers and a leadership course to support the leaders of our members.

Transforming local Infrastructure (TLI)

In September 2014 we published a major piece of research on TLI. This was the only complete analysis of the £30 million fund. Our report focused on ideas and actions that infrastructure organisations could borrow or learn from. The report highlighted many successes but also what could be gained from ideas or execution that did not work so well.

Working with local businesses

As identified in Change for Good, new sources of support need to be identified to help people get involved in local voluntary and community action. In 2014-15 NAVCA worked with Business in the Community and the Office for Civil society to develop ideas to allow businesses to support local charities, especially through employee skill sharing schemes.

Big Assist

NAVCA is the only national charity that has consistently called for, and made the case for, funding local infrastructure. Big Assist, funded by the Big Lottery Fund, helps local infrastructure improve their effectiveness. Through Big Assist, NAVCA directly supported xx members in 2014-15 and the learning and experience from this work benefits all NAVCA members.

The Commission recommended this funding be continued for a further year beyond the initial planned three year funding. The Big Lottery Fund has agreed to continue this funding for 2015-16.

Commissioning Masterclasses

In 2014-15 we continued our work helping smaller charities get involved in delivering public services through the masterclass programme. This training builds the voluntary sector's commercial skills for public service delivery.

Quality Award

Key to our mission is helping local infrastructure improve so communities have access to the best possible support. Central to this is our Quality Award, a unique quality mark that 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 2014 11 audits were carried out bringing the total of NAVCA members holding the Quality Award to 58.

Members informing our work

We continued to gather intelligence from members to inform our work. We undertook our key annual Evaluating NAVCA and Chief Officer surveys. We also undertook quarterly surveys using a representative panel of NAVCA members. The results helped us to track what issues NAVCA members faced as well as being a way to highlight the media issues of concern in the media.

Public Law

NAVCA 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. In 2014-15 we maintained the hotline to allow members to get initial advice and if needed be matched with legal support.

Information to members

We used our national policy expertise to keep members informed. We provided members with information about topics including social value, procurement law changes, health winter pressures and the lobbying act. By doing this we helped members provide people with the information they need to run successful local charities and community groups. We contributed advice and information to the newly created social value hub (socialvaluehub.org.uk). With National Voices we produced briefings on the Narrative for Person-Centred Co-ordinated Care. We produced an equalities toolkit and tools for members to help them use data to understand and make the case for voluntary sector involvement in local health and care.

Training for members

We supported Croydon Voluntary Action to facilitate workshops in the ABCD model as part of the legacy from our Building Health Partnerships work. We also co-hosted a Making Personalisation a Reality event in February 2015 that attracted over 80 voluntary sector partners. NAVCA developed and delivered training throughout the country to support local Healthwatch volunteers.

Helping members share good practice, intelligence and experience

A key function of NAVCA is to enable members to share their experiences and help good practice be replicated for the benefit of local communities. As well as giving members the chance to meet up, our popular COIN network allows chief officers to pose questions and share information with local infrastructure organisations across England via an email network.

Members value our work

We hold an annual evaluation survey to find out whether members value our services. We asked members to rate us overall on a scale of 1-10 (where 10 is highest). In 2014-15 our overall rating from members was 6.84. Other findings from our survey were:

88% of members agreed with the statement that NAVCA helps them share good practice with other members. This is something at the heart of the new deal for members.

92% of members agreed with the statement that NAVCA communicates information about its policy work to their organisation.

72% of members agreed with the statement that NAVCA helps them understand government policy.

74% agreed that NAVCA has clear lines of communication that enable their organisation to influence our voice work.

An effective voice

We aim to change public policy and funding to help create the environment where voluntary and community action can flourish. Our close relationship with members and their reach into, and knowledge of, their communities gives us an unrivalled legitimacy and authority to speak up for local charities and community groups.

NAVCA has a distinctive voice on behalf of local infrastructure. We are admired for our willingness to make the case for local voluntary and community action even when this presents a challenge to politicians and funders.

Representing members

NAVCA provides a voice for members on a national stage. 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. We have representation on:

- The Health and Care Strategic Partner programme (alongside the Department of Health, Public Health England and NHS England)
- Department of Communities and Local Government Communities Partnership Board
- The steering and working groups of the Funding Review, an investigation into the financial sustainability of the voluntary sector.
- Cross Sector Skills Sharing Steering Group and Business Connector Advisory Group
- Department for Education National Children's Partnership Board
- Rural England Steering Group

- Health and care support working group – a group looking at the implications of personalisation legislation, the Better Care Fund and the Care Act
- Department of Health Voluntary Sector & Social Enterprise Sounding Board
- Home Office VCS Stakeholder Forum
- Home Office Serious Organised crime group
- Home Office Citizens in Policing group
- Cabinet Office Voluntary sector transition group,
- EU procurement directives.
- Department of Work and Pensions Charities Pensions Working group

Influencing policy

We took a decision in the previous year to focus on a smaller number of issues to increase our impact. Policies we focused on in 2014-15 included:

- Community Rights. We addressed the CLG Select Committee and know we were listened to as the Committee's final report repeated our phrase that the Community Right to Challenge is the 'nuclear option'.
- The Local Sustainability Fund. We lobbied the government to make this proposed fund useful for smaller charities. We also campaigned against the delayed launch of this fund.
- Getting the Big Lottery Fund to recognise the contribution of local infrastructure to communities. We organised a meeting for BIG Chief Executive Dawn Austwick to meet with NAVCA members and maintained a dialogue with key BIG staff throughout the year.
- Improving commissioning and procurement for smaller charities. Some success was achieved with the House of Commons Public Accounts Committee report on transforming contract management that chimed with long standing issues identified by NAVCA. It said there was a need to up-skill commissioners, make contracts smaller, avoiding processes that discriminate against small and medium sized organisations and requiring contractors to develop a better duty of care to service users.
- Social Value. Social Value has the potential to be a powerful tool to improve commissioning practice but is being ignored by too many contracting authorities. NAVCA proposed a three point plan to make social value more relevant and the Act make a real difference for charities and voluntary organisations.
- Charities Annual Return reporting. We successfully opposed Charity Commission proposals to ask small charities to provide detailed financial information in annual Returns. This would have added significant burdens to hard-pressed charities.

Making the case for infrastructure and creating opportunities

Alongside establishing the Commission, NAVCA used existing networks and contacts to promote infrastructure. The aim is for communities to maximise the potential of existing their infrastructure. Examples of this include showcasing our members in Rotherham,

Hackney and Croydon to health partners, presenting to NHS England at Quarry House and supporting National Voices hosting of Simon Stevens at a voluntary sector roundtable to analyse the Five Year Forward View.

This also led to us forming the Voluntary Voices consortium alongside, National Voices, Regional Voices and Volunteering Matters (which was then CSV). Our aim is to make local infrastructure integral to work involving local charities and community groups. This partnership began working with the Health Foundation and NESTA, on the Realising the Value programme to make the case for a 'person-centred' health and care system.

Consultations

NAVCA contributed to a number of relevant consultations over the year. We used these consultation responses to highlight issue of significance to local infrastructure, smaller voluntary organisations and the communities they support. Consultations we responded to included:

- The Charity Commission's Annual Return for 2015.
- The Government's new Local Sustainability Fund.
- The Labour Party's 'renewing our bond with the third sector'.
- Reforms to public procurement through the Small Business, Enterprise and Employment Bill.
- The Government's review of the Social Value Act.
- The draft Protection of Charities Bill by the Parliamentary Joint Committee's.
- Charity Commission's Charity Audit and Independent Examination.
- The joint review of health and care sector investment in VCSE organisations.

We believe in transparency and make all consultation responses public by publishing them online.

Campaigns

NAVCA is part of a campaigning movement committed to improving social justice. By supporting people to be involved in voluntary and community action we confront inequality, challenge prejudice and help improve society. As well as our work to influence legislation we are also involved in campaigning. In 2014-15 we signed up to the campaign to Keep Volunteering Voluntary along with many of our members. We also campaigned to dissuade charities from using zero hour contracts and encouraged charities to sign up to be Living Wage employers.

Communicating to members (and beyond)

Communication is at the heart of our work. We maintain two way communications getting key messages to our members and through them to grassroots organisations, and also make sure that information from local charities gets to decision makers. We produce an ebulletin for everyone interested in local voluntary and community action. It goes out weekly to 2000 subscribers. We also sent our Health ebulletin to 500 subscribers every month. Members received our quarterly magazine, Circulation. We continue to use twitter and in 2014-15 our followers grew from 5,400 to 6,500.

Media

NAVCA maintained a strong presence in the voluntary sector media, raising issues that matter most to infrastructure and the local voluntary and community action it supports. Although NAVCA are a relatively small organisation, we achieved high profile coverage in the media. 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.

Biggest charity survey of the year

As part of our work as a voluntary sector health and care strategic partner we ran the largest charity survey of 2014. It was the first attempt at a joint survey to get the views and intelligence from charities and community groups. There were 720 charities that took part in the survey and they collectively they said they work with over 11 million people. They ranged from very small to large – 20% had incomes less than £10k and nearly 4% said they had an income over £10 million. Overall, a third of respondents were from charities with an income of less than £50k giving us good evidence we can use about the experiences of smaller voluntary sector organisations.

A well mobilised workforce

NAVCA has a small staff team which requires everyone to operate at a high level and with less management input than has previously been the case. We began work to develop a performance management framework focused on results, to give staff a clear sense of purpose and help make progress towards agreed goals. We are creating a working culture where staff have greater control over their work, within the context of agreed goals, feel a strong connection to their colleagues and are focused on delivering excellent results for our members. We agreed a set of core competencies that all staff will be required to demonstrate.

NAVCA is proud to be a Living Wage employer.

More balanced income generation

Our strategic plan included a strategy for having more balanced income generation. Increasingly we are operating in a tough financial situation. NAVCA has traditionally benefitted from winning public funding.

We have increased the money earned through consultancy services to £120k. The majority of this money came from the Big Assist programme. NAVCA Essentials also provided £26k of support to underpin the cost of a Member Support Officer to help embed the Essentials offer. We invested in a new website and branding to support our income generation plans.

A key element of our strategy is developing our capacity to capture information and evidence from our members, which we can use to develop our proposals and funding applications in partnership with members.

We understand the financial pressure our members face. For this reason we consulted with members and changed our membership fee structure to reduce the financial pressure for our smallest members while maintaining our commitment to members not to increase the fee at the top end. As in previous years we ensured members received more support than their membership fee alone could make possible.

Reserves policy

NAVCA's reserves policy is to maintain a sufficient level of free reserves to enable the delivery of its strategic plan. In 2014/15 NAVCA was restructured and a new strategic plan was put in place that put the members at the heart of all work. The trustees recognised that in the current climate a deficit budget would have to be run for the next three years to ensure implementation of the new plan. Taking this into account the trustees set a reserves level of £840k for the year. The reserves level was split into a designation of £600k to underwrite the cost of the delivery of the strategic plan which would be used over the three years to 2018 and £140k to cover 3 months working capital and £100k to invest in opportunities that would benefit the members.

Financial review

As expected, 2014/15 was another financially challenging year which saw a decrease in grant income of £318k (£1,473k 2013/14). Fifty four percent of the decrease was the result of the OCS strategic funding ending and the balance was the result of one off grants in 2013/14 and no comparable grants in 2014/15. Overall unrestricted income in the year decreased by £288k (35%) and restricted income by £146k. The unrestricted, realised deficit for the year was £381k.

Expenditure decreased by £297k, £256k of this was a decrease in restricted expenditure.

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 £537k 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 £1,897.

The performance of the portfolio is measured primarily against a bespoke total return benchmark, which is CPI + 5% per annum. During the 2014/15 financial year the portfolio produced a total return of 10.8% against that of 5% by the bespoke benchmark.

The portfolio performance is measured against the FTSE APCIMS Balanced benchmark. The total portfolio return for the year was +10.8% against a benchmark of CPI +5% +5.58%. The capital return was +8.2% against a benchmark of +8.2% and the income yield was +2.6% against a benchmark of +3.1%. 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



Caroline Schwaller
Chair

Date:

Independent auditor's report for the year ended 31 March 2015

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 2015 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 14, 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

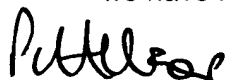
In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015, 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

2 Rutland Park
Sheffield
S10 2PD

Date 18 November 2015

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

Year ended 31 March 2015

	Note	Unrestricted Funds £	Restricted Funds (Note 18) £	Endowment £	2015 Total £	2014 Total £
Incoming Resources						
Incoming resources from generated funds						
- Voluntary income	3	-	-	-	-	25
- Investment income	4	18,274	-	-	18,274	23,859
Incoming resources from charitable activities	2	513,514	230,256	-	743,770	1,172,111
Total incoming resources		531,788	230,256		762,044	1,195,995
Resources Expended						
Cost of generating funds						
- Voluntary income	-	-	-	-	-	-
- Investment management costs		4,547		-	4,547	4,253
Costs of charitable activities	5	876,828	205,507	-	1,082,335	1,385,256
Governance costs	6	39,737	-	-	39,737	33,403
Total resources expended		921,112	205,507	-	1,126,619	1,422,912
Net incoming/(outgoing) resources for the year		(389,324)	24,749	-	(364,575)	(226,917)
Gain/(loss) on investment						
- Realised		8,570	-	-	8,570	8,005
- Unrealised		47,443	-	-	47,443	19,612
Net movement in funds		(333,311)	24,749	-	(308,562)	(199,300)
Funds as at 1.4.14		1,189,695	30,114	4,588	1,224,397	1,423,697
Funds as at 31.3.15		856,384	54,863	4,588	915,835	1,224,397

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 **£356,005** (2014: deficit of £218,912).

Balance sheet as at 31 March 2015

	Note	2015			£	2014
		Unrestricted	Restricted	Endowment		£
					Total	Total
Fixed assets						
Tangible assets	13	4,550	-	-	4,550	6,825
Investments	14	667,599	-	-	667,599	581,887
		672,149	-	-	672,149	588,712
Current assets						
Debtors	15	110,263	-	-	110,263	171,409
Cash at bank and in hand		257,600	56,370	4,588	318,558	821,533
		367,863	56,370	4,588	428,821	992,942
Creditors: Amounts falling due within one year	16	183,628	1,507	-	185,135	357,257
Net current assets		184,235	54,863	4,588	243,686	635,685
Net assets		856,384	54,863	4,588	915,835	1,224,397
Accumulated funds						
General		256,384	54,863	4,588	315,835	414,397
Designated	17	600,000			600,000	810,000
		856,384	54,863	4,588	915,835	1,224,397

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 18 to 36 were approved by the Trustee Board on 1 July 2015 and are signed on its behalf by: *14 October 2015*

Caroline Schwaller

Caroline Schwaller – Chair and Director
Company registration number 2575206

Notes to the accounts

Year ended 31 March 2015

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>2015 Total</u>	<u>2014 Total</u>
		£	£	£	£
Membership fees	66,823	-	-	66,823	74,250
Representing members to government	13,199		18,000	31,199	193,982
Learning and development	46,255		29,000	75,255	359,486
Member support	189,252		79,256	268,508	77,681
Policy and research	31,000		25,000	56,000	145,789
Advice, information and comms	121,843		79,000	200,843	171,720
Consultancy	45,142		-	45,142	61,178
Merger funding	-		-		88,025
	513,514		230,256	743,770	1,172,111

Grant and project income	2015	2014
Unrestricted	£	£
Office of Civil Society - strategic grant	0	172,535
Restricted		
Office of Civil Society - structural reform grant	0	88,025
Ministry of Justice via Clinks	0	20,000
Department for Education via National Children's Bureau	20,000	19,998
Big Lottery via Society Network Foundation	0	22,917
Office of Civil Society - TLI project		25,190
Department of Health -strategic partner fund	181,000	200,000
Member Support and Development Fund	29,256	
Total restricted	230,256	376,130
Total grants and project income	230,256	548,665
Membership fees and charitable purpose contracts	513,514	623,446
Total resources from charitable activities	743,770	1,172,111

3. Incoming resources from generated funds – Voluntary income

	2015	2014
	£	£
Voluntary income		
Other	0	25
	<u>0</u>	<u>25</u>

4. Investment income

	2015	2014
	£	£
Dividends	16,377	15,594
Interest	1,897	8,265
	<u>18,274</u>	<u>23,859</u>

5. Cost of charitable activities

	Direct Costs	Grants	Support Costs	2015 Total	2014 Total
	£	£	£	£	£
Representing members to government	250,152	-	15,642	265,794	242,608
Membership	6,516	-	651	7,167	
Learning and development	78,017	-	7,719	85,736	335,445
Member support	301,024	-	18,898	319,922	252,138
Policy and research	52,371	-	5,338	57,709	168,282
Advice, information and comms	200,819	-	11,253	212,072	163,794
Consultancy	38,858	-	3,348	42,206	56,217
Merger	-	-	-	-	106,239
Repayment of funds not spent	-	-	-	-	60,533
Organisational re-structure	91,729	-	-	91,729	-
	<u>1,019,486</u>	<u>0</u>	<u>62,849</u>	<u>1,082,335</u>	<u>1,385,256</u>

Support costs

Support costs totalling £64,802 have been allocated across the activities of the charity including a total of £1,953 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.

6. Governance costs

	2015	2014
	£	£
Auditors' remuneration	5,460	5,450
Trustee board expenses	7,854	11,383
Staff costs	24,470	14,620
Premises costs	1,123	943
Other overhead costs	830	1,007
	39,737	33,403

7. Grants payable

	Total 2015	Total 2014
	£	£
3VA		1,500
Care Forum		1,500
Citizens Advice Community Action Hampshire		200
East Riding Voluntary Action Services Ltd		200
North Yorkshire and York Forum		200
Rydale Voluntary Action		200
Seachange		200
Sefton CVS		200
VAST		1,500
VA Norfolk		1,740
VA Within Kent		200
VCA Wirral		200
Voscur		200
	0	8,040

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 of £31,369 (2014: £34,484) plus the annual additional deficit contributions to the Pensions Trust multi-employer scheme, £4,798 (2014: £4,658). There were contributions payable of £12,692 (2014: £11,344) at the year end and these are included in creditors.

The £11,344 comprises £2,242 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 £4,798 for the year ended 31 March 2015 and will be £4,942 for the year ending 31 March 2016. The undiscounted amount due over the remaining 8 years of the recovery plan is £43,946 assuming the current 3% annual increase remains unchanged. National Association for Voluntary and Community Action's S75 debt is £102,824. Full details of the Plan can be found at note 21.

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

	2015	2014
	£	£
Trustees' remuneration	-	-
Auditors' remuneration:		
- External audit	5,460	5,450
- Other services	-	-
Operating lease rentals - land and buildings	14,458	14,458
- photocopier	1,012	253
Depreciation of fixed assets	2,275	-

10. Staff costs and trustees remuneration

	2015	2014
	£	£
Staff emoluments:		
Wages and salaries	546,254	581,298
Social security costs	55,504	61,648
Pension costs	36,167	39,142
Redundancy costs	75,000	-
	712,925	682,088
Other staff costs:		
Agency staff	-	-
Recruitment	6,325	21,769
Other		
	6,325	21,769
Total	719,250	703,857

None of the trustees received any remuneration during the year.

Notes to the accounts

	2015	2014
Employees earning between £70,000 - £80,000 per annum	0	1
Employees earning between £60,000 - £70,000 per annum	1	0

Travel and subsistence expenses totalling £3,832 (2014: £4,180) was paid during the year to 12 trustees (2014: 11 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 on the same terms as any other party. During the year no services were purchased from members that were connected to NAVCA trustees, but services were sold to these members as follows (these figures exclude membership fees):

Trustee	Related organisation	Value of goods sold to members that are connected to trustees. £	Description of goods
Soo Nevison	Voluntary Action Calderdale	4,350	Training/events
Dinah Lane	MVDA	1,520	HR services and events
Will Lindesay	HVOSS	2,000	HR services and events
Jake Ferguson	Hackney CVS	1,550	Quality Award and events
Sajid Hashmi	VAST	1,200	Events
Mike Wild	MACC	1,100	Events
Sue Dovey	Community Action Hampshire	300	Events

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 and its 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:

	2015	2014
	Number	Number
Governance support	0.5	0.5
Representing members to government	3.6	3.5
Learning and development	1.2	4.0
Member support	4.8	4.4
Policy and research	1.2	2.1
Advice, information and comms	2.6	1.5
Consultancy	0.8	0.9
Merger	-	0.1
Organisational re-structure	0.3	-
	15.0	17.0

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 equipment	Office furniture & fittings	Total
Cost	£	£	£
At 1 April 2014	101,996	106,818	208,814
Additions	-	-	-
Disposals	-	-	-
At 31 March 2015	101,996	106,818	208,814
Depreciation			
At 1 April 2014	95,171	106,818	201,989
Disposals	-	-	-
Charge for the year	2,275	-	2,275
At 31 March 2015	97,446	106,818	204,264
Net book amount			
At 31 March 2015	4,550	-	4,550
At 31 March 2014	6,825	-	6,825

14. Fixed asset investments

	2015	2014
	£	£
Quoted investments		
At market value 1 April 2014	581,887	562,190
Additions	77,161	45,369
Disposals proceeds	(47,462)	(53,289)
Realised gain on disposal	8,570	8,005
Unrealised gain	47,443	19,612
At market value 31 March 2015	667,599	581,887

All investments are listed securities and comprise:

	£
UK Fixed Interest	67,154
Overseas Fixed Interest	64,185
UK Equities	208,879
European Equities	29,780
North American Equities	107,356
Japanese Equities	27,173
Far East & Australian Equities	29,453
International Equities	20,861
Emerging Economies	16,715
Property	49,625
Alternative assets	46,418
	<u>667,599</u>

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

15. Debtors

	2015	2014
	£	£
Amounts due within one year		
Trade debtors	99,099	129,803
Prepayments and accrued income	11,164	41,256
Other debtors		350
	<u>110,263</u>	<u>171,409</u>

16. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	22,084	63,136
Accruals	60,958	141,769
Tax and Social Security	16,520	11,193
Deferred income	85,573	141,159
	185,135	357,257

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 31.3.14	Additions	Released/ utilised	Balance at 31.3.15
	£	£	£	£
Strategic plan implementation	175,000		(175,000)	0
Organisational capability 2015-17	600,000			600,000
Bursary fund	10,000		(10,000)	0
Website and database	25,000		(25,000)	0
	810,000		(210,000)	600,000

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 was 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. £140,000 was spent in the year and the balance has been released.

Organisational capability 2015-17

A fund to underpin the cost of the resources needed to deliver the strategic plan in the period 2015-17.

Bursary Fund

This was a fund to support members. £7,500 was spent in the year and the balance was released.

Website and database

This designation was to provide funds for a new website and database. This was spent in the year.

18. Restricted funds

	Balance at <u>31.3.14</u>	Movement in resources		Balance at <u>31.3.15</u>
		<u>Incoming</u>	<u>Outgoing</u>	
	£	£	£	£
Health and social care	-	181,000	181,000	-
DFE	-	20,000	20,000	-
Member Support and development	-	29,256		29,256
BHP	4,506		4,507	(1)
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
	30,114	230,256	205,507	54,863

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.

DfE

A programme of work funded by the Department for Education through NCB. National Association for Voluntary and Community Action supports local support and development organisations and voluntary and community groups by providing information and training on child poverty and by inputting into the government's policy agenda on issues relating to services for children, young people and families.

Member Support and Development

This fund was created from the balances of a number of restricted funds. The original funds were for providing training and support to infrastructure organisations and this fund will provide similar support.

Building Health Partnerships ("BHP")

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.

Tender Support Project

This is a project to provide support to increase organisations ability to win contracts to deliver public services.

Campaigning and advocacy

Delivering training workshops for local campaigners

SFC

Was a programme of work funded by the Home Office to support the voluntary, community and social enterprise sector to play an active role in the new arrangements for police and crime commissioners.

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 2015 the charity had annual commitments under non-cancellable operating leases terminating as follows:

	Land and Buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Within 1 year	12,042		253	253
Between 2 and 5 years		19,050		-
More than 5 years				
Total	12,042	19,050	253	253

21. Pension obligations

1. National Association for Community and Voluntary 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. NAVCA paid contributions at the rate of 1% during the accounting period.

9. As at the balance sheet date there were 0 active members of the Plan employed by NAVCA. NAVCA continues to offer membership of the Plan to its employees.
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 is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013, the market value of the Plan's assets 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.
 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.

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:

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
Zurich