

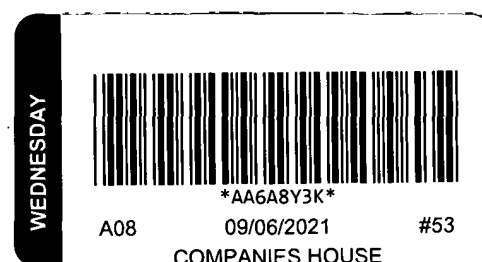
Company Number: 02320712
Charity Number: 800517

Trustees' Report and Financial Statements For the year ended 31 December 2020



directory of social change

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



**The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2020**

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Message from the Chair

DSC was no different to most of our fellow charities in the sector in having to unexpectedly respond to the *global pandemic of 2020*. We had to rapidly adjust to a completely different way of working with significant hits to our income towards the end of the first quarter, through the second and into the third.

It required us to move swiftly and very quickly we took advantage of the CBILs (Coronavirus Business Interruption Loan Scheme) through Nat West Bank and became part of the CJRS (Coronavirus Job Retention Scheme) by furloughing around 70% of DSC's staff team, leaving us with a skeleton crew for 3 months.

Despite our income being hit quite hard compared to the previous year, (more detail available in the finance section on pages 21-24) we were in the very fortunate position of being asked to provide additional research for the Forces in Mind Trust around how the pandemic had affected armed forces charities. This not only provided us with much needed funding but the work provided strong evidence of the financial hit on armed forces charities. This work underpinned the successful case to HM Treasury for funding which led to £11m being made available for these charities during the pandemic.

We were very fortunate to receive around £80k of funding from the London Community Response Fund which made an enormous difference to our ability to continue to provide services to charities, such as providing free information on pandemic funding, important policy changes and developing a whole new range of online training and information services to the sector.

Staff returned from furlough from 1 July and spent the summer catching up and delivering agreed research projects; developing new training topics and streams; expanding our digital offering and hitting our publishing schedule. The extension and introduction of flexibility to the CJRS enabled us to use part time furlough scheme for staff towards the end of the year. Throughout we were proud to maintain a high-quality service.

Early on in the pandemic we introduced two major new services for the sector. Firstly, shortly after the pandemic broke, we started sending out a daily bulletin providing crucial updates and information on legal, political and other developments that affect charities. Open rates jumped up 10% on our pre-COVID e-newsletters, and click-throughs to content up by 60%, with over 88,000 people accessing our help and advice since 1 April. We shared the extensive work we had done to implement the various schemes, support furloughed and non-furloughed staff and manage the home working situation, with the wider sector which was well received.

Secondly, we introduced a series of 8 free Zoom talks on highly topical subjects that we ran throughout the year, these 60 min sessions covered topics such as: racism, dealing with the COVID-19 Crisis; wellbeing; using charity office space; governance, faith based giving and how to stand out in the crowded job market.

As we entered the third quarter of the year, we adjusted the way we usually deliver our face-to-face training to accommodate delivering online using digital platforms. By tailoring our programme of face-to-face courses to deliver online, we were able to continue to deliver some of the most in demand courses to our beneficiaries.

The sector came together very quickly to collaborate and support each other during the pandemic and we were an integral part of a coalition of membership and representative charity bodies which was set up to address the effects of the pandemic. Our CEO was a core member of both groups, chairing the wider one, which meets weekly. We also provided secretariat services to both groups, organising meetings, agendas, sharing communications, taking minutes and setting up working

groups where needed. Our Director of Finance and IT developed and built the #NeverMoreNeeded website and our Director of Policy and Research was a key member of the Infrastructure Policy Group.

Focussing internally regular readers of our annual reports and accounts will know that whilst we were confident that our staff team was diverse and representative, we wanted to ensure the same was true at board level and we began this work during 2018. This resulted in us appointing five outstanding new trustees at the start of 2020 who are reflective of the communities and charities that we either serve or aspire to.

We further developed our work by commissioning an external independent review of our performance in this area through PDC Diversity Consultants and were really pleased and proud of how well DSC is performing in this area. The report found no evidence of systemic racism or discrimination within DSC. Indeed, staff reported feeling proud and safe in the DSC environment.

Our inclusive recruitment policies and practices are working well with, for example, 39% of our staff identified as black, Asian or a member of a minoritised community (three times the average for the sector as a whole) and 20% of both staff and trustees identified as having one or more disabilities.

However, we know that there is no room for complacency and we are revising policies in line with the report's recommendations and have created a board working group, chaired by me as Chair of DSC, to drive further progress.

As part of our commitment to our staff's mental health and wellbeing we introduced truncated working for staff. This means that our staff carried out their full-time jobs, working 35 hours over 4 days instead of 5 with teams split to ensure we always had staff available to serve our charities Monday-Friday. The three-day weekend proved incredibly successful and we saw a noticeable increase in productivity and mental wellbeing.

As part of a cost cutting exercise, we took the decision to vacate our London offices at Resource for London and find a cheaper alternative. We identified a possible option but prior to committing financial resources to a long-term lease decided that the best interests of the charity, during these uncertain times, were served in continuing to work remotely until such time as things changed. However, we kept our Liverpool office where our research team is based, which is now DSC's official head office.

Financially we ended the year with our heads above water. We would have reported a surplus adding to free reserves had it not been for two pandemic related accounting adjustments. Typically, DSC does not allow staff to carry over holiday as we believe people need the breaks during the year. However, given the circumstances of 2020 we changed that policy to allow people to spread holidays over 18 months. This has meant we had to make a provision in liabilities for around £60k. This will reverse at the end of 2021 as staff take all their holiday entitlement and that £60k will come out of liabilities and back into reserves.

We were also impacted by work-in-progress calculations as we had to allow for our researchers and publishing team being furloughed which had a negative impact on that value. However, work-in-progress turns into sales and we are confident that that adjustment will be offset by sales in 2021 and beyond.

So, we ended the year viable, having adapted rapidly and successfully to extremely challenging circumstances and created new offerings to the sector which have proved to be very popular.

None of this would have been possible without the support of wonderful partners such as the Forces in Mind Trust, the ongoing support of Shyrose Jessa of Centre for Learning and her husband Murtaza Jessa, who donate so freely and generously to us, the London Community Response Fund,

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NatWest Bank, Lloyds Foundation for England and Wales, The Tudor Trust and an anonymous donor who donated £1000.

We remain incredibly proud of our team at DSC who dealt with a very difficult year with grace, determination and a can-do attitude that not only kept DSC afloat but also resulted in enhanced and high-quality services to the sector.

And finally to all those charities who continue to use our services. It's all for you and because of you. We're proud to have served you.

caron bradshaw

Caron Bradshaw OBE

Chair

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Trustees' Report

Welcome to the Trustees' Annual Report and Audited Financial Statements for the year ended 31 December 2020.

1. Achievements and Activities during 2020

DSC's vision is 'An independent voluntary sector at the heart of social change'. In 2020 we continued to work towards our Strategic Objectives which underpin this vision:

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

DSC's strategic priorities as agreed in 2016 remain with an over-arching aim to increase our overall reach by:

- **Regional:** by increasing our range of services accessible throughout the UK
- **Expertise:** through growing expertise and reaching more beneficiaries with specific and expert help.
- **Digital:** through online learning and provision of other information and support.

The activities delivered, which are outlined in the following sections, all contributed to DSC reaching over 35,000 beneficiaries in 2020.

1.1 Regional

DSC undertook a range of activities in 2020 that were either based in regions outside of London or were specifically aimed at supporting the widest number of charities across England and Wales, irrespective of their geographical location.

1.1.1 In house training

As with many other charities our training and event activity was drastically impacted (completely at a halt for some periods) during 2020, due to the COVID-19 pandemic, national lockdown restrictions, staff furlough and working from home.

Although it took some time and rethinking, we worked out a way to continue to support our beneficiaries as best we could, especially during the early period of the lockdown (April-August), while we all adapted to the new ways of working and learning.

DSC supported over 36 different organisations with in-house provision in 2020. Before the pandemic we ran 32 courses in person delivering tailored in-house training to organisations including, Local Trust, Age UK, Anthony Nolan, RABI, Galop, Clinks, Stop Domestic Abuse, Movember Europe and Brighton and Hove Community Works. We also revised our approach to delivering this training and delivered 35 courses live online to our in-house customers.

The most popular subjects for in-house continued to be Management and Leadership, Fundraising, Personal Development and Governance. Before the lockdown we delivered across the country in London, Coventry, Cheshire, Hounslow, Portsmouth, Nottingham, St Edmunds, West Sussex and Ipswich.

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Our work with the Association of English Cathedrals (AEC) was due to continue in 2020, but was delayed due to the pandemic. This work will be restarted in 2021.

1.1.2 Free content

DSC continues to publish a large amount of free content from voluntary sector experts including DSC staff, trainers and authors. We published approximately 190 free content articles in 2020.

This typically takes the form of 'how to' guides, best practice, top tips, interesting research findings, and topical debate features in written, audio or video format that is distributed across DSC's (and external media's) extensive social media and other electronic channels.

In response to the pandemic, we started publishing daily email bulletins (covering Covid-19 funding, policy, news, free top tips and our products and services) from the end of March, replacing the usual monthly policy and e-news monthly roundups. These daily bulletins were read by approximately 817,000 people in 2020.

We also launched the free 'Espresso Express' video series to support charities, their staff and volunteers during the pandemic covering topics such as advice on working from home, wellbeing and so on.

@DSC_Charity Twitter followers stood at just under 19,000 followers at the end of the year.

1.1.3 Library Facilities

Due to the pandemic our physical library services where charities can access our books and online subscription services for free were closed for most of the year. We compensated for that by offering additional free services and where viable cut-price discounts on some of our publications.

1.2 Expertise

In 2020 DSC undertook a range of activities designed to connect either our own expertise or that of others in the sector, with the charities that most need it.

1.2.1 Public Training Courses

With 2020 being the incredibly difficult year that it was for all charities, we worked hard to continue to support charities the best way we could with our training. We served over 1,114 delegates via our training services. We ran 41 courses in person attended by 254 participants before the national lock down. Since the lockdown we have run 98 courses online and they have been attended by 860 participants.

Some of the most popular course topics include: Building a Successful Organisation; Moving into Management; Finance for Non-Financial Managers; Support and Supervision of Staff 1; Impact: Understanding and Quantifying Your Social Value; Duties of a Company Secretary; Writing for Impact; and Managing Yourself and Wellbeing.

We also ran some free to attend one-hour topical panel sessions, which focussed on current topical issues affecting the charity sector. In 2020 we ran 8 of these sessions covering topics such as: racism, dealing with the COVID-19 Crisis; wellbeing; using charity office space; governance, faith based giving and how to stand out in the crowded job market. In total 547 participants registered to attend the sessions.

1.2.2 Conferences

DSC organised 2 events in 2020, both of which were run online due to the pandemic restrictions in effect.

The **Charity Accountants' Conference** is normally a two-day residential conference with an evening meal and entertainment. This had to be rethought and, in the end, we ran it online over five days in September 2020

Each day three one-hour seminars were held covering financial, management and leadership topics. In addition, there was a resources hub where participants could view the seminar recordings, presentations and handouts from each day. On a daily basis additional financial, leadership and management material was added as pre-recorded videos, handouts and booklets. The resources area remained open for participants to continue to access and view all the material for 3 months after the event was over.

205 delegates registered to attend the weeklong event and feedback overall was good. However, delegates did comment on the loss of informal networking opportunities which cannot be replaced in online events.

The second event of the year was the **Charity Leader's Summit**, this event was originally due to take place at the end of March but due to the pandemic was moved to 20 October 2020. Just under 100 participants registered to attend the conference.

1.2.3 Publishing

2020 was a tough year for publishing with bookshops and libraries closed for significant periods of time and charities, more often than not, working from home.

Casualties included the closure of the UK's second largest trade wholesaler Bertrams. This had a big impact on the whole book publishing world which affected our own trade sales in the year too.

The furloughing of DSC staff in the year had an impact as well. Some DSC publications were delayed including *The Guide to New Trusts 2020/21* from June to September and one title, *The Guide to Major Trusts 2021/22* was cancelled as research priorities were reconfigured.

With many charities working from home our backlist digital offering came to the fore and the publication in the summer of our new *Policy and Procedures Template*, downloadable as a word document, was very popular. We also added other backlist titles in digital format for the first time (see section 1.3.3).

Overall print publishing still held up well. We released three of our bestselling directories in the year including *The Guide to Grants for Individuals in Need 2021/22*, *The Guide to Educational Grants 2020/21* once again in partnership with the National Union of Students, and *The Guide to New Trusts 2020/2021* with a foreword by actors Sarah Parish and James Murray talking about the work of the Murray Parish Trust.

In addition, we also partnered with other organisations to add additional titles to our website offering. We worked with *Getting on Board* to sell the exclusive print edition of their new title *How to become a charity trustee* which was launched during Charity Trustees' Week in November.

In October 2020, we published the first edition of Debra Allcock Tyler's *It's a Battle on the Board* which is the first book to exclusively focus on trustee behaviours and relationships and how they impact on the effectiveness of charity boards.

The full list of new print titles from DSC in 2020 in order of publication was:

- *The Guide to Grants for Individuals in Need 2020/21* – 17th edition
- *The Guide to Educational Grants 2020/21* – 16th edition
- *The Guide to New Trusts 2020/2021* – 9th edition
- *It's a Battle on the Board* – 1st edition

1.2.4 #NeverMoreNeeded campaign

Since March 2020, DSC has been a major contributor of time and resources to an unprecedented collaboration between charity infrastructure organisations, which are coordinating responses to the pandemic. This work includes charities' role in the emergency and health response, charity funding and finance, regulation and guidance, and volunteering policy. It concerns the impact of the pandemic on charity services that are directly affected by COVID19 but also many more charity services which have been indirectly affected, particularly because of massive reductions in income due to disruption to normal fundraising and trading revenues.

The public face of this work has been known as the #NeverMoreNeeded campaign, which aims to get more government financial support to the charity sector to help ameliorate the negative effects of the pandemic. Over the year, DSC helped coordinate many of the campaign's numerous weekly meetings between CEOs, policy and public affairs teams, and communications staff. DSC staff regularly chaired meetings, organised agendas and minutes, and authored or helped produce policy proposals and briefings. This has involved substantial and dedicated time by senior staff and trustees over an extended period, but clearly meets DSC's charitable objects and purposes in service of our beneficiaries.

Some aspects DSC was directly involved in and helped achieve include:

- A joint submission to HM Treasury in advance of Budget 2020
- A subsequent £750m package of financial support for small charities and charities working on causes directly affected by the COVID19 pandemic, announced by Chancellor Rishi Sunak in April, and rolled out over the rest of the year
- Development of the campaign website www.nmn.org.uk, plus other internal infrastructure that helped coordinate policy work, communications and the drafting and agreement of joint documents
- Briefing for a House of Lords debate in the Spring on the impact of COVID19 on the charity sector
- Seeking greater transparency and speed of distribution of the Coronavirus Community Support Fund, which launched in late May – including submitting several Freedom of Information requests to government to get data on distribution of grants, and briefing the National Audit Office
- The development of a '5 point policy plan' that would support the charity sector's resilience in the future, which has been used to engage politicians and officials
- A joint submission to the Chancellor's 'economic update' in July

- A joint submission to Danny Kruger MP's 'Levelling Up' review in July, and reaction piece for the DSC website in September
- A joint submission to the Spending Review in September
- Development of a public affairs plan to influence MPs; sending letters to MPs and making contacts with MP offices to try and gain support
- A joint submission to HM Treasury for the 2021 Budget
- Development of a policy position requesting an Emergency Support Fund to benefit charities that have seen large drops in income, or steep rises in demand, as part of a fresh campaign effort launched in early 2021

These activities are not exhaustive, and we anticipate the campaign will continue through much of 2021 with DSC remaining an integral partner. Some of the campaigns DSC has run in recent years, such as the Big Lottery Refund campaign and the Grants for Good campaign, have not been shelved but have not been actively pursued due to the emergency.

1.2.5 Policy and public affairs

The pandemic created an unpredictable and demanding policy environment for DSC, our peer organisations, and the rest of the charity sector. Although most of our effort in 2020 went into the #NeverMoreNeeded campaign, during the year DSC also continued to respond to formal consultations and policy announcements, particularly concerning the Charity Commission.

During the year we continued to push back against the Charity Commission's ongoing narrative about public trust in charity, which places an interpretation of public opinion rather than the law and regulation at the centre of its priorities, regulatory focus and public messaging, and which too often conflates all charities into one homogenous group.

Throughout the year, our Policy Trustee Andrew Purkis wrote regular pieces regarding the Charity Commission, charity law, and trusteeship, including for Civil Society Media in January and June, on the Commission's latest research, and also in Civil Society Media in October following Regulator's Annual Public Meeting.

During 2020 DSC also submitted several consultation submissions, including to the House of Commons DCMS Committee enquiries into the Performance of the Charity Commission, and its enquiry on COVID19 and Charities, and to the House of Lords Select Committee enquiry on COVID19 and public services.

As in previous years, DSC also analysed the Government's Budget statements and other major announcements for their implications for charities, regularly publishing insightful summaries on our website and in our enews bulletin. We know that many colleagues value our concise, freely available blogs which cut through dense policy material to explain implications for charities.

1.2.6 Research on Armed Forces Charities

Since 2014, DSC has been funded by the Forces in Mind Trust (FiMT) to research Armed Forces Charities and provide information via reports and the website www.armedforcescharities.org.uk. We have also completed several other related research projects for FiMT.

In August 2020, DSC published a major analysis of the Armed Forces charities sector, titled *Sector Insight: Armed Forces Charities*. DSC hosted an online launch where 200 delegates were given a presentation of the report and its key findings, along with a live online Q&A session which included

FiMT's CEO Ray Lock, and General Sir John McColl, Chair of the Confederation of Service Charities (Cobseo). We continue to receive positive feedback from key stakeholders across the Armed Forces charities sector about the usefulness of this analysis.

In April 2020, during the initial phase of the pandemic and lockdown, Cobseo requested research from DSC that eventually underpinned a request to government for financial support to Armed Forces charities. Funded by FiMT, DSC responded quickly with two evidence-based pieces of analysis, which helped make the case for a £6 million support package from the government to Armed Forces charities rolled out during the summer.

In May and October 2020 DSC also undertook two surveys of Cobseo member organisations to provide up to date insight into how the pandemic was affecting them. The results of the survey showed the impact of COVID-19 on multiple levels and helped inform policy discussions and direct both practical and financial aid to Armed Forces charities.

During 2020 DSC began further work as part of a one-year grant to extend the original Armed Forces Charities project, to produce the latest in an ongoing series of *Focus On* reports, which look at various types of provision by Armed Forces charities. The pandemic delayed the schedule for two of these reports on families and finance, but the bulk of the work was still completed in the year. *Focus On: Families* launched on 19 January 2021 and *Focus On: Finance* will be published on 25 March 2021.

In February 2020, we also delivered a 'deep dive' report to FiMT on the literature and evidence around Health and Wellbeing for the Armed Forces Community. This work was mainly carried out in 2019, and the analysis includes findings, recommendations and a 'needs identification framework' to help inform FiMT's strategy and priorities.

Our partnership with FiMT continues to be strategically important for DSC, and our expertise in this area has had a positive impact the sector during the pandemic.

1.2.7 Commissioned Research

During 2020, DSC increased the breadth and type of research projects we carry out for valued partners from across the sector. This has become an important part of DSC's business and what we offer the charity sector. We are able to provide high-quality impact evaluations, data analyses, surveys, organisational strength reviews, and other research consultancy for clients. Our team is skilled at working with prospective clients to design projects that will meet their needs and available budget.

Throughout the year we carried out significant work on our analysis and evaluation of LIBOR funding on behalf of the Armed Forces Covenant Fund Trust, with an interim report delivered in July. This major project has been ongoing since 2019, and the full final report incorporating qualitative and quantitative analysis will be published in the first quarter of 2021.

In June, DSC won a further substantial contract to undertake an evaluation of the Armed Forces Covenant Fund Trust's Families in Stress and Removing Barriers to Family Life programmes, both of which have been run under the 'Removing barriers to family life' funding theme and provided support to armed forces families. The full final report for this research project will also be delivered in the first quarter of 2021.

In June we also completed further research for Seafarers UK in the form of a survey and subsequent report which gathered and analysed feedback and evidence from key stakeholders. This research further contributed to Seafarers UK's strategic planning.

During the year, we also continued to work with YMCA England and Wales on an evaluation of their Changing Futures grants programme, which supports local YMCAs to deliver projects for young people's mental health. The pandemic seriously disrupted the evaluation due to the crisis situation faced by many local YMCAs and the fact that they needed to modify how they deliver services to young people in pandemic conditions. The project schedule has been revised and we are on track to deliver a report to YMCA in the second quarter of 2021.

1.2.8 Enquiries to DSC's Research Team

The DSC Research Team, based in Liverpool, maintains the data which drives our funding website, www.fundsonline.org.uk, and produces a range of publications to guide and assist our beneficiaries with their fundraising. Team members have a wealth of knowledge and experience about funding for charitable causes and can respond to enquiries referred by other departments or directly from the public.

In September, the Team contributed to a Chartered Institute of Fundraising (CIOF) training and Q&A session for around 70 members of the CIOF's Researchers in Fundraising group, on the topic of how to find and understand information in charity accounts.

During October, the team worked with the Association of Charitable Organisations (ACO), to provide data from our Grants for Individuals dataset, which helped ACO gain a better understanding of the part of the charity sector it represents – benevolent charities and grant-makers that give to individuals.

1.3 Digital

2020 saw DSC significantly extend its digital reach in a number of areas, increasing the help that we are able to offer online, and delivering information support in formats that are easier to access for a range of our beneficiaries.

1.3.1 Training Online

This service differs from our on-line course offering in being a remote learning platform with pre-set courses that people can complete in their own time. From April 2020 all the courses available through this service was made free to access. Topics downloaded included: Presentation Skills, Writing Skills, Budgeting, Health and Safety, Change Management and Wellbeing. During 2020 over 400 people signed up to access a course. However, disappointingly, although the sign-up rate was high the completion rate was low.

1.3.2 Digital Publishing

We further extended the number of titles available in dual print and digital platforms. The majority of our titles are now available digitally either as Kindle titles through amazon.co.uk or as viewable pdfs, mobi and epub formats through www.dsc.org.uk.

In 2020 we produced the following e-publications in digital formats from brand new books and also some from our backlist (including pdf, Kindle, mobi and e-pub):

- *Policy and Procedures Template (word download) – 1st edition*
- *The Guide to New Trusts 2020/21 – 9th edition*

- *It's a Battle on the Board – 1st edition*
- *Cultural Giving – 1st edition*
- *Managing without Profit – 4th edition*

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

1.3.3 Funding websites

In 2020 Funds Online was one of the few services we provide to our beneficiaries that was wholly uninterrupted by the pandemic.

Throughout the year Funds Online provided information from four main datasets to our subscribers, made up of funding from trusts giving a combined total of £4.9 billion, companies giving £330 million in cash and in-kind contributions, £2.4 billion in funding from local, regional and central government and £383 million in funding to individuals for social welfare, education and training.

As well as maintaining the information on the website for subscribers to access, we also improved the dashboard function so that subscribers are now able to not only track activity, new funding opportunities and saved funders but also upload documents including applications, enabling all information to be stored in one place.

Throughout 2020 in response to the pandemic we kept Funds Online up to date with funders latest response to Covid 19. We also extended our online support by offering monthly webinars on the features and benefits of the platform with our fundraising trainer which proved very popular.

1.3.4 DSC website www.dsc.org.uk

The user profile facility of our main website is an area where users register and set up their own space to download and store information including a range of free factsheets, downloadable publications, presentations, brochures and policy briefings. At the end of 2020 we had approximately 15,000 users. Free downloads totalled 26,372 in the year (18,574 not including Look Insides).

1.3.5 Governance App

Work continued during the year on the development of a digital governance application, aiming to build on the Charity Governance Code and create a practical tool to help charities identify their own challenges and support them to address them. The pandemic impacted indirectly on our plans to launch the Governance App in the year, as a result of some funder priorities switching to support COVID-related causes. However, support from The Tudor Trust and Lloyds Bank Foundation, building on initial support from The Clothworkers' Foundation, enabled us to keep moving forward, and we now plan to launch the project in Spring 2021.

An independent DSC, financially robust in self-generated revenue

Given the all-pervading effect of the COVID-19 pandemic DSC was still able to generate 92.4% of its own funds in 2020 (2019 - 99.3%), the balance of 7.6% being provided by Government grants towards staff costs and support available to retail outlets and for which our Holloway Road 2019 levels. There had been an increase in 2019 of 7% from the previous year.

The initial apparent suppression of the virus, enabled us to think that we could return to our offices in London and Liverpool in September. We were even planning a move to new London office to take effect from January 2021, and gave notice to leave our Holloway Road premises, so that we would be free to move in January 2021, but it was not to be. By October local tiered restrictions were in force, followed by a short lock-down in November, an element of opening up of the economy in December but a sudden clamp down just before Christmas as the pandemic tightened its deadly grip. With the lock-down continuing well into 2021, the decision was made not to continue with the negotiation for a new London office and to allow all London based staff to continue to work from home. The Registered Office was moved to Liverpool as a result.

We took advantage of a Government supported CBILS loan for £160,000 over six years, the interest rates being exceptionally low and with no arrangement fee or first year's interest to pay. Other facilities taken up were the Time To pay arrangements for VAT and PAYE and these are now being systematically reduced over the agreed repayment period.

From bleak beginnings in March, and the ups and down of the Brexit negotiations it was a pleasant surprise that the defined benefit pension scheme deficit was reduced by £6,250 (2019 - £3,085).

No new IT developments were brought to fruition in 2020, although we continued to invest in the On Line Training Facility, with a view to it going live in January 2021. However, an exciting new development was the Governance App, for which we received generous support of £30k each from Tudor Trust and Lloyds Bank Foundation. This plus some of our own resources was invested in the early stages of development and we will both seek further funding and continue development out of our own resources during 2021.

Commissioned research has continued to bring in material income, £179,800 in 2020 which was an increase over the £100,880 generated in 2019.

2. Public Benefit

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

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

The Guidance lists "promoting the efficiency of other charities" as one of the examples of benefits to the public, and the objects of The Directory of Social Change include the promotion and advancement of education and the promotion of efficiency and efficacy of other charities. It achieves this through its educational publishing, courses, conferences, exhibitions and electronic websites. In pursuing these objectives, the Trustees are mindful of and strive to achieve ways of minimising the impact of its activities and products on the environment.

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

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

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2.1 Free content

DSC continues to publish a large amount of free content from voluntary sector experts including DSC staff, trainers and authors. We published approximately 190 free content articles in 2020.

This typically takes the form of 'how to' guides, best practice, top tips, interesting research findings, and topical debate features in written, audio or video format that is distributed across DSC's (and external media's) extensive social media and other electronic channels.

Of particular note, in response to the pandemic we started publishing daily Covid-19 funding updates and launched the Espresso Express video series.

DSC e-news daily bulletins were read by approximately 817,000 people in 2020. In response to the pandemic, we started publishing daily update bulletins (covering Covid-19 funding, policy, news, free top tips and our products and services) from the end of March, replacing the usual monthly policy and enews monthly roundups.

2.2 Publications

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

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

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

2.4 Website www.dsc.org.uk

The user profile facility of our main website is an area where users register and set up their own space to download and store information including a range of free factsheets, downloadable publications, presentations, brochures and policy briefings. At the end of 2020 we had approximately 15,000 users. Free downloads totalled 26,372 in the year (18,574 not including Look Insides).

3. Regulatory and Administrative Details

3.1 Regulatory Compliance Statements

The Directory of Social Change is registered as a company limited by guarantee (without share capital) with number 02320712 and as a charity no. 800517. The registered office address was moved to our Liverpool office in December 2020 at Suite 103, 1 Old Hall Street Liverpool L3 9HG.

The Trustees are also the Directors of the Charitable Company for the purposes of the Companies Act. The Trustees in presenting their annual report and financial statements for the year ended 31 December 2020 for the Charitable Company confirm that they comply with the current statutory requirements, the requirements of the Charitable Company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by

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

3.2 Who we are

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

The main activities of the organisation include:

- Championing the needs of small and medium voluntary sector organisations
- Providing practical training courses
- Running conferences, seminars and fairs
- Researching and publishing reference guides and handbooks
- Providing the subscription website www.fundsonline.org.uk
- Campaigning on issues that affect the voluntary sector
- Publishing valuable free content pieces across social media and electronic channels

Visit our website for more information at www.dsc.org.uk

3.3 Where we are

DSC has its Registered Office at its Liverpool premises, but the majority of our staff work remotely.

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

3.4 Trustees:

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

Caron Bradshaw OBE Chair	Chief Executive, Charity Finance Group, Trustee, Together Charitable Foundation
William Butler	Third Sector Consultant
Joyce Fraser (Appointed 28 April 2020)	Trustee, Chartered Institute of Fundraising; Trustee, Small Charities Coalition; Chair, Black Heroes Foundation; Director, Primetime Training Enterprise Ltd; Lecturer, Open University Business School.
Matthew Hill (Appointed 28 April 2020)	Head of Business Support, P3
Emily Hughes	Head of Volunteer Experience, Girlguiding, Trustee, Avert
Anneke Kapadia	Senior Volunteer Manager, Volunteering Matters

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(Appointed 28 April 2020)

Lizzie Kenyon Director, Centre for Social Innovation, Keep Britain Tidy

(Appointed 28 April 2020)

Phyllida Perrett Third Sector Consultant

Andrew Purkis OBE Third Sector Consultant, Trustee Safe Passage International, Parish Church Councillor of St Mary's Church Balham, Governor Trinity St Mary's Primary School and Blogger

Kashif Shabir CEO, Muslim Aid

(Appointed 28 April 2020)

Lesley Thornley Chief Executive, Hull & East Riding Citizens Advice Bureau

3.5 Chief Executive, Company Secretary and Senior Management:

Chief Executive Debra Allcock Tyler

Company Secretary: John M de C Hoare

The Senior Leadership Team during 2020 comprised:

Debra Allcock Tyler	Chief Executive
Ben Wittenberg	Director of Development and Delivery
Jay Kennedy	Director of Policy and Research
Annette Lewis	Director of Services
Yvonne Coleman	Director of Finance and IT

3.6 Auditors, Bankers and Solicitors

Auditors:

Hay Macintyre LLP
10 Queen Street Place
London EC4R 1AG

Bankers:

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

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

Solicitors:

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

3.7 The Regulatory Environment

The regulatory environment within which DSC operates is considered to be the following:

Finance and Accounting

- The Companies Act 2006
- The Charities Act 2011
- Charities SORP,
- United Kingdom Accounting Standards
- Financial Reporting Standard FRS 102
- UK Generally Accepted Accounting Practice (UK GAAP)
- VAT partial exemption regulations

Human Resources

- Employment Law
- Health and Safety Regulations
- Pensions Regulator Requirements
- The Equalities Act

Operational Matters

- Data Protection Legislation
- Health and Safety Regulations
- The Equalities Act
- Legal Deposit Libraries Act 2003
- Copyright Designs and patents Act 1988
-

COVID-19

- In common with most organisation DSC has been impacted by the COVID-19 pandemic regulations promulgated by HM Government in response to the Coronavirus pandemic. This impact commenced in March 2020 and is still ongoing.

Maintaining awareness of legislative and regulatory changes

DSC is a member of the Charity HR Network, which provides regular updates, organise meetings etc. The charitable company's Solicitors provide regular e-newsletters, updates and provide webinars on topical subjects.

DSC also receives updates from firms of accountants and solicitors with whom it has professional relationships.

A number of members of staff have professional qualifications whose professional institutes provide updates and information to their members. These organisations include The Chartered Institute of Personnel and Development, The Chartered Association of Certified Accountants.

Being a training organisation many of the trainers bring their professional expertise to bear and enable courses, training session and webinars to be put on by DSC and from which the organisation itself benefits.

4. Structure, Governance and Management

4.1 Governing Document and Constitution

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

4.2 Trustees Appointment, recruitment, training and induction

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

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

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

4.3 Organisation Structure and decision making

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

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

4.4 Relationships with other charities, organisations and individuals

We work with a very wide range of organisations. We are very grateful to all the following partners and sponsors for their support during 2020:

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Association of English Cathedrals
Armed Forces Covenant Fund Trust
Charity Commission for England and Wales
Charity Learning Consortium (CLC)
Chartered Institute of Fundraising (Coifs)
Cobego
Institute of Leadership and Management (ILM)
Resource for London
Sayer Vincent
Sheila McKechnie Foundation
m-hance
Forces in Mind Trust (Fit)
YMCA England and Wales
The London Community Response Fund
The Seafarers' Charity
The Tudor Trust
Lloyds Bank Foundation for England and Wales
The Clothworkers' Foundation
NatWest
National Union of Students
University of Plymouth
Shy rose Jessa/Murtaza Jessa/The Jessa family

4.5 Risk

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

Current areas of potential risk:

Charity closures due to the COVID-19 global pandemic impacting revenue streams
DSC's customer base being vulnerable to fluctuating funding patterns
IT Systems outage or collapse
Suppliers' insolvency

Actions taken to mitigate these risks are:

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

DSC adopts the CFG approach to managing risk which is to identify operational risks and mitigating actions on a monthly basis as part of general management practices and trustees discuss this at quarterly board meetings.

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

Actions taken to mitigate these risks are:

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

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

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

5. Finance Review

In 2020 DSC generated 92.4% of its own funds (2019 - 99.3%), the balance of 7.6% being provided by Government grants towards staff costs and support available to retail outlets for which our Holloway Road bookshop premises were eligible. The self-generated income arises through the sales of our books, websites, training, research services and events.

Overall charitable income in 2020 was £1,693,013 compared to £2,018,918 in 2019, a decrease of 16% from 2019 (2019 a 7% increase from 2018). Inevitably face to face training took a large hit to its activity. We very quickly developed a suite of virtual, live time training programmes which helped to slow down income loss. Even so, training income fell by 55% compared to 2019.

The decline in income from publications, websites and research was contained at just over 2% compared to 2019. Within this research project fees income increased to £179,800 from £100,880 in 2019 an increase of 78%.

Expenditure on unrestricted activities decreased by 2.3% compared to 2019. Rent continued for both our premises in London and Liverpool throughout the year, but in respect of London we were able to give 6-months' notice without penalty, although there was a dilapidation charge of £13,770. We were able to vacate the Holloway Road offices at the very end of 2020. A plan to move to an office near in Angel, Islington, was also put on ice and it is envisaged at this stage that there will be no new London office for the whole of 2021. This will save something in the region of £100,000.

We adopted a policy in April of holding regular Board Working Group meetings to monitor the financial situation on a regular basis. This strategy critically paid off as decisions could be made rapidly as needed. The consequence was that the staff costs allocated to Governance activities rose, so that Governance costs increased in the year to £100,226 from £63,843. The analysis is shown in Note 6 to the Accounts. The frequency of these meetings has diminished, so that the same level of Governance costs is not expected in 2021.

The full effect of the new funding website subscription portal will only be felt in a normal year, as it only came into its own finally in October 2019, and of course 2020 was so seriously affected by the COVID-19 pandemic. The signs have been good, and subscription income has held up very well, but it might not be until the latter part of 2021 that the upgrade will be seen to regularly have enhanced our income from this source.

We were able to complete the Forces in Mind (Fit) grant activity, and 4 other smaller grant projects too, so there are no restricted reserves at the end of 2020.

As a result of our swift response to the crisis DSC did not have to make any of our staff redundant, although 70% were put on furlough for the period end of March to June. We opted to place all staff on 20% furlough since November 2020, and this is continuing. Despite the contribution to the salary costs of furloughed staff through the CJRS, the perverse effect is that the employment costs still show in full in the accounts, as accounting rules state that one cannot offset the furlough grants directly against the salary costs. The consequence of this is that the staff concerned are not able to attend in full to their normal duties of creating saleable products or generating work-in-progress towards projects, so it is estimated that for those furloughed employees, DSC lost £48,121 of work creation capability in the year.

We took advantage of the CBILS Government backed loan facilities, drawing £160,000 from our bank to be repaid over 6 years. The first year is free of interest or arrangement fees, and repayment does not have to commence until the start of the second year. The interest payable is at a very competitive rate. The funds will substantially be used as a cushion for the future, and also, we took advantage of the Government's deferred payment schemes for VAT and PAYE. There are sufficient uncertainties in the economy and in the pandemic environment to ensure that the cushion will be a good safeguard for some time to come.

There has been a 76% increase in current assets in the year compared to the end of 2019, within which current creditor due within a year have declined 11.5% from £716,986 to £632,549.

Despite the small excess of expenditure over income for the year, DSC has ended up in a far better place than could ever have been envisaged when the pandemic first struck in March 2020. It gives us the confidence that we can continue to help our beneficiaries through these difficult times.

5.1 DSC Earned Income

We continue to work closely with a wide range of individuals and organisations, while at the same time ensuring that we are not financially dependent on any single funder, purchaser or provider for our operational programme. DSC received donations of £1,000 in 2020 (2019 - £14,391).

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

5.2 Remuneration Policy

The overall policy on remuneration within DSC is as follows:

- Trustees are voluntary and not remunerated. Out-of-pocket expenses paid to trustees are shown as part of Note 6 to the Financial Statements.
- The Chief Executive's salary is determined in line with the pay policy for all DSC staff. The remuneration of the Chief Executive Officer is specifically agreed by the Trustees following a performance assessment and recommendation by the Chair to the Trustees.
- Staff remuneration is reviewed as an important but separate element of the annual budget process.

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

5.3 Reserves

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

Currently when determining the reserves position for the forthcoming year the Board considers whether the resources available for use in the planned activities of the Charitable Company within the year are sufficient before determining what should be the appropriate level of reserves for that particular year. During 2020 the Trustees considered that the reserves were adequate.

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

Given the unique economic outlook for much of 2020 following the onset of the COVID-19 pandemic, a small loss of £6,928 that was allocated to unrestricted funds for the year is considered by the Board to be acceptable. They noted that this was after having to make a provision for £59,845 for accrued holiday pay at the year-end. The normal policy of DSC is that all staff should take their holiday in the calendar year or lose it, so that there has been no history of having to making such an accrual previously. It is not intended that any untaken holiday will be carried forward at the end of 2021, so that the provision required by accounting standards at the end of 2020 will be unwound in 2021. (2019 unrestricted reserves increased £19,329).

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

Funds are designated to an amount equal to the sum represented by the net book value of Fixed Assets comprising leasehold improvements, furniture and fittings and computer equipment. At 31 December 2020 these Designated Funds amounted to £3,185 (2019 - £3,672). Our Designated Funds are reviewed annually.

At the end of 2020, the Board is pleased to report that despite the difficulties encountered due to the COVID pandemic, the unrestricted reserves decreased by only £6,928 and stood at £201,994 at year end (£208,922 at end 2019) and this represents 100% of the total reserves.

At 31 Dec 2020 all restricted reserves had been fully consumed on projects for which they were designated (2019 £125,825 in hand). It is not anticipated that DSC will have any problems in meeting its commitments under restricted funds when they arise.

Trustees continue to believe that the current policy of managing resources generally rather than just reserves in isolation is the right course to adopt in the current economic climate, however, this decision is continually reviewed including the ongoing level of reserves required.

5.4 Investment Policy and Performance

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At the Balance Sheet date, the Charitable Company only held cash investments. The Bank of England base rate was reduced twice in March 2020. Initially from 0.75% to 0.25% and then to 0.1%, an all-time low, where it remains. The continuing national policy of holding rates at such a low-level means that it is not viable to manage the movement of funds between current and investment accounts. All funds during 2020 were held on current account. Income generated in 2020 amounted to £29 (2019 - £83).

5.5 Fundraising

The Charitable Company has not made any fundraising appeals to the general public during the year, and is unlikely to do so in the future. Fundraising focusses on securing grants and donations from registered charities and business links. There has been no outsourced fundraising via professional fundraisers or other third parties. Consequently, the Charitable Company is not registered with the Fundraising Regulator and received no fundraising complaints in the year.

5.6. Restricted Funds

To the extent that Restricted Grants are liable to be returned to Grant Providers where they are unspent and it is not intended that they be spent, there was no grant due to be returned at 31 December 2020 (2019 - Nil).

6. Strategic Report - Plans for the Future

DSC's vision, mission and strategic objectives remained unchanged during 2020. The strategic aim continued to be a focus during the year – that is extending our reach into the sector:

- Regionally, by increasing the support provided to organisations across the UK
- Through growing expertise, and reaching more beneficiaries with specific and expert help
- Digital through the development of digital services.

Much of the year was focussed on survival, however, as seen in the early part of the report we still managed to meet our strategic priorities. During 2021, once things settle more, the trustees will review where we are at and make decisions about any changes needed to our strategy.

7. Statement of Trustees Responsibilities

The Trustees (who are also directors of The Directory of Social Change for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

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

8. Auditors

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

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

This report was approved by the Trustees on **26th May 2021** and signed on their behalf, by:



Lizzie Kenyon
Trustee



Kashif Shabir
Trustee

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Report and Financial Statements for the year ended 31 December 2020

Independent auditor's report to the members of The Directory of Social Change

Opinion

We have audited the financial statements of The Directory of Social Change for the year ended 31 December 2020 which comprise of the Statement of Financial Activities, Balance Sheet, Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 24 and 25, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, data protection legislation and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

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- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of noncompliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- *Challenging assumptions and judgements made by management in their critical accounting estimates.*

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

Use of our report

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



Siobhan Holmes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London EC4R 1AG

Date: 4 June 2021

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STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
For the year ended 31 December 2020

	Note	Restricted Funds 2020 £	Unrestricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
INCOME FROM					
Donations and legacies	2	-	1,250	1,250	14,391
Charitable activities	3				
<i>Training and events</i>		-	335,773	335,773	749,333
<i>Publications</i>		149,316	1,078,632	1,227,948	1,255,111
Other income		-	128,013	128,013	-
Investments		-	29	29	83
Total income		149,316	1,543,697	1,693,013	2,018,918
EXPENDITURE ON					
Charitable activities	5				
<i>Training and events</i>		-	411,263	411,263	1,003,484
<i>Publications</i>		275,141	1,139,362	1,414,503	1,019,708
Total expenditure		275,141	1,550,625	1,825,766	2,023,192
Net (expenditure)		(125,825)	(6,928)	(132,753)	(4,274)
Transfers between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(125,825)	(6,928)	(132,753)	(4,274)
Total funds at 1 January 2020		125,825	208,922	334,747	339,021
Total funds at 31 December 2020	17	£ -	£201,994	£201,994	£334,747

The notes on pages 33 -50 form part of these financial statements. All amounts are from continuing activities.

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

All amounts derive from continuing activities.

Full comparative figures for the year ended 31 December 2019 are shown in note 22.

The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2020

BALANCE SHEET

Company limited by guarantee
As at 31 December 2020

Company Number: 02320712

Charity Number: 800517

		2020		2019	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	11		3,185		3,672
Intangible assets	12		205,512		295,080
			<u>208,697</u>		<u>298,752</u>
CURRENT ASSETS					
Stock	13	476,354		469,334	
Debtors	14	160,123		276,811	
Cash at bank		157,432		36,656	
		<u>793,909</u>		<u>782,801</u>	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	15	(632,549)		(714,986)	
NET CURRENT ASSETS			161,360		67,815
Creditors: amounts falling due after more than one year	15		(168,063)		(31,820)
NET ASSETS	17		<u>£201,994</u>		<u>£334,747</u>
CHARITABLE COMPANY FUNDS					
Restricted funds	17		-		125,825
Unrestricted – designated funds	17		3,185		3,672
Unrestricted – general funds	17		198,809		205,250
	17		<u>£201,994</u>		<u>£334,747</u>

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

The notes on pages 33-50 form part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on 26th May 2021 and were signed below on their behalf by:



Lizzie Kenyon
Trustee



Kashif Shabir
Trustee

The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2020

STATEMENT OF CASH FLOWS
FOR YEAR END 31 DECEMBER 2020

	Note	2020 £	2019 £
Cash flows from operating activities	a)	(35,405)	265,089
Cash flows from investing activities			
Interest income		29	83
Purchase of tangible assets		(3,858)	(3,333)
Purchase of intangible assets		-	(278,899)
Cash provided by (used in) investing activities		(3,829)	(282,149)
Cash flows from financing activities			
Cash inflow of new borrowing		160,000	-
Repayments of borrowings		-	-
Net cash provided by (used in) financing activities		160,000	-
Increase/(decrease) in cash and cash equivalents in the year		120,766	(17,060)
Cash and cash equivalents at the beginning of the year		36,656	53,716
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		£157,422	£36,656
a) Net (expenditure) for the year		(132,753)	(4,274)
Depreciation charges and amortisation		92,537	64,867
Dividends and interest from investments		(29)	(83)
Loss/(profit) on the sale of fixed assets		1,376	-
(Increase)/decrease in stock		(7,020)	(209,377)
Decrease/(increase) in debtors		116,688	(30,027)
(Decrease)/increase in creditors		(106,204)	80,800
Net cash generated/(used) in operating activities		(35,405)	£265,089
b) Analysis of net debt 2020		Cash £	Loans £
At start of the year		36,656	-
Cash flows		(39,224)	160,000
At end of year		£(2,568)	£160,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. ACCOUNTING POLICIES

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

Statement of compliance

The financial statements have been prepared in accordance with current statutory requirements, the requirements of the Charitable Company's governing document and the provisions of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 (second edition), the Financial Reporting Standard applicable in the UK and Republic of Ireland the Companies Act 2006.

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

Company Status

The Directory of Social Change is registered as a company limited by guarantee (without share capital) no. 02320712 and a charity no. 800517. Its governing instrument is its memorandum and articles of association. The members of the charitable company are the trustees named on pages 16 and 17. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company. The Charity's registered office is Suite 103, 1 Old Hall Street, Liverpool L3 9HE.

Preparation of accounts on a going concern basis

The Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees have considered the impact of COVID-19 and the challenges presented to the Charity in preparing their financial forecasts and have subsequently prepared cashflow forecasts, considering the possible negative impact of the pandemic, to reflect the result of the COVID-19 pandemic and its impact on the Charity sector and the Charity's cash flow and reserves.

This demonstrates that the Charity is forecast to generate income in the year ending 31 December 2021 and beyond that, has sufficient reserves to enable the Charity to meet its obligations as they fall due for a period of at least 12 months from the date of the signing of these accounts.

The review of our forward forecasts, financial position, reserve levels and future plans gives Trustees confidence that the Charity remains a going concern for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

Significant judgements and sources of examination uncertainty

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

- Depreciation and amortisation rates used;
- The overhead rate used when calculating a value for work in progress; and
- A discount rate of 0.27% (previously 1.39%) has been used to calculate the present value of pension provision.

Income

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

Donations and legacies

Donations and gifts are included in full in the Statement of Financial Activities when there is entitlement, probability of receipt and the amount of income receivable can be measured reliably. Gift Aid received or receivable in respect of donations is included where applicable.

Gifts in kind

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

Grants

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

Income from charitable activities

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

Investment income

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

Job retention scheme grant income

The charitable company received £103,013 of grants from the Government's Job Retention Scheme. At the end of the year, the existing job retention scheme is continuing to be applied for 20% of their time in respect of the relevant staff. As the COVID-19 pandemic only arose in March 2020, there was no equivalent grant income in 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities comprises of expenditure associated with training and events, publications and dissemination of information.
- Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

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

- Training and events: 21% (2019 – 46%)
- Publications and dissemination: 79% (2019 – 54%)

Allocation of costs

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

Operating leases

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

Intangible Fixed Assets

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

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

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

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

- Software development costs 4 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

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

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

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

Financial instruments

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

Creditors and provisions

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

Debtors

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

Cash at bank and in hand

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

Stock

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

Publications

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

Subscription websites

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

Electronic work-in-progress

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

Funds

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

Employee benefits

Short term benefits

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

Employee termination benefits

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

Pension scheme

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

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

2. DONATIONS AND LEGACIES

	Total Funds 2020 £	Total Funds 2019 £
Donations	£1,250	£14,391

3. INCOME FROM CHARITABLE ACTIVITIES

	Total Funds 2020 £	Total Funds 2019 £
Training and events	335,773	743,333
Publications and dissemination of information	1,227,948	1,255,111
Total	£1,563,721	£2,004,444

Income from publications and dissemination of information includes restricted grant income of £149,316 (2019: £140,825) relating to research projects. Further details are provided in note 17.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

4. OTHER INCOME

	Total	Total
	2020	2019
	£	£
Coronavirus Job Retention Scheme	103,013	-
Islington Council Retail Hospitality and Leisure Grant in respect of Holloway Road bookshop	25,000	-
Total	£128,013	£ -

5. ANALYSIS OF EXPENDITURE (2020)

	Staff	Amortisation & Depreciation	Other	Support	Total
	Costs	Costs	Costs	Costs	2020
	£	£	£	£	£
Training and events	194,559	19,433	76,207	121,064	411,263
Publications and Dissemination of information	731,914	73,104	154,052	455,433	1,414,503
Total	£926,473	£92,537	£230,259	£576,497	£1,825,766

ANALYSIS OF EXPENDITURE (2019)

	Staff	Depreciation	Other	Support	Total
	Costs	Costs	Costs	Costs	2019
	£	£	£	£	£
Training and events	467,094	29,840	272,461	234,089	1,003,484
Publications and Dissemination of information	548,328	35,027	161,554	274,799	1,019,708
Total	£1,015,422	£64,867	£434,015	£508,888	£2,023,192

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

6. GOVERNANCE

	Total 2020 £	Total 2019 £
Staff costs	61,542	31,452
Other costs	8,254	10,501
Audit and accountancy	23,430	21,890
Total	<u>£100,226</u>	<u>£63,843</u>

During the year, no Trustees received any remuneration (2019: £Nil).

During the year, no Trustees received any benefits in kind (2019: £Nil).

During the year 1 Trustee were reimbursed £126 for out-of-pocket expenses for travel and subsistence (2019: 2 Trustees reimbursed £549).

7. SUPPORT COSTS ALLOCATED TO ACTIVITIES (2020)

	Staff Costs £	Office Costs £	Premises Costs £	Governance Costs £	Total 2020 £
Training and events	10,241	60,789	28,987	21,047	121,064
Publications and dissemination of information	38,526	228,682	109,046	79,179	455,433
Total	<u>£47,767</u>	<u>£289,471</u>	<u>£138,033</u>	<u>£100,226</u>	<u>£576,497</u>

SUPPORT COSTS ALLOCATED TO ACTIVITIES (2019)

	Staff Costs £	Office Costs £	Premises Costs £	Governance Costs £	Total 2019 £
Training and events	24,912	126,227	53,582	29,368	234,089
Publications and dissemination of information	29,245	148,179	62,900	34,475	274,799
Total	<u>£53,157</u>	<u>£274,406</u>	<u>£116,482</u>	<u>£63,843</u>	<u>£508,888</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

8. NET INCOME FOR THE YEAR	2020	2019
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charitable company	2,969	4,092
Amortisation of intangible fixed assets	89,568	60,775
Auditors' remuneration - audit services	12,300	19,900
9. STAFF COSTS AND NUMBERS	2020	2019
	£	£
Staff costs were as follows:		
Wages and salaries	926,628	996,198
Social security costs	87,982	83,137
Pension costs	22,172	21,696
	£1,036,782	£1,101,031

There were no redundancy payments made in the year (2019 – None). There were no payments made in the year for agreed early termination notice period (2019 – None).

The average number of employees during the year was as follows:	No.	No.
Training	12	16
Publications	13	14
Accounting and administrative support	8	7
	33	37
Full time equivalent	31	35

1 employee received remuneration between £80,000 – £90,000 in 2020 (2019 - 1 employee between £80,000 - £90,000). The employer pension contributions for this employee were £1,313 (2019 – £1,188).

The total employee remuneration of the key management personnel of the charitable company was £302,005 (2019: £273,827).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

10. PENSION COMMITMENTS

The charitable company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the charitable company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
---------------------------------------	-----------------------	--

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

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows

Deficit contributions

From 1 April 2016 to 31 January 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

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

Where the scheme is in deficit and where the charitable company has agreed to a deficit funding arrangement the charitable company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the

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deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

10. PENSION COMMITMENTS (continued)

PRESENT VALUES OF PROVISION

	31 December 2020 (£s)	31 December 2019 (£s)	31 December 2018 (£s)
Present value of provision	31,463	37,723	43,104

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 December 2020 (£s)	Period Ending 31 December 2019 (£s)
Provision at start of period	37,723	42,104
Unwinding of the discount factor (interest expense)	383	694
Deficit contribution paid	(7,184)	(6,654)
Remeasurements - impact of any change in assumptions	541	(579)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	31,463	37,729

There was £5,652 in outstanding contributions in 2019 (2019 - £4,575) included in the Balance Sheet.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

11. TANGIBLE FIXED ASSETS	Leasehold Improvements £	Furniture & Fittings £	Computer Equipment £	Total £
Cost				
At 1 January 2020	7,781	10,791	168,526	183,098
Additions	-	-	3,858	3,858
Disposals	(7,781)	(8,548)	(99,665)	(115,994)
At 31 December 2020	-	2,243	72,719	74,962
Depreciation				
At 1 January 2020	7,781	10,088	165,557	183,426
Charge for the year	-	703	2,266	2,969
Disposals	(7,781)	(8,548)	(98,289)	(114,618)
At 31 December 2020	-	2,243	69,534	71,777
Net Book Value				
At 31 December 2020	£ -	£ -	£3,185	£3,185
At 31 December 2019	£ -	£703	£2,969	£3,672

All fixed assets are used for charitable purposes.

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Report and Financial Statements for the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

12. INTANGIBLE FIXED ASSETS		Total £
Cost		
At 1 January 2020		546,411
Additions		-
At 31 December 2020		546,411
Depreciation		
At 1 January 2020		251,331
Charge for the year		89,568
At 31 December 2020		340,899
Net Book Value		
At 31 December 2020		£205,512
At 31 December 2019		£295,080
13. STOCKS AND WORK IN PROGRESS	2020 £	2019 £
Publications		
Work in progress	128,286	92,071
Finished books	113,966	191,709
Subscription websites		
Work in progress	75,400	49,443
Electronic		
Work in progress	158,702	136,111
	£476,354	£469,334
14. DEBTORS	2020 £	2019 £
Trade debtors	81,355	36,750
Other debtors	4,149	12,247
Prepayments and accrued income	74,619	227,814
	£160,123	£276,811

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

15. CREDITORS: amounts falling due within one year	2020	2019
	£	£
Due within one year		
Trade creditors	59,331	152,104
Other taxation and social security	131,071	88,630
Other creditors	21,722	15,900
Accruals	107,637	75,225
Deferred income (see note 16)	289,434	375,943
Pension provision	7,400	7,184
Loan	16,000	-
	<u>£632,595</u>	<u>£714,986</u>
CREDITORS: amounts falling after more than one year		
Other creditors	-	1,281
Loan	144,000	-
Pension provision	24,063	30,539
	<u>£168,063</u>	<u>£31,820</u>
16. DEFERRED INCOME	2020	2019
	£	£
Balance at start of year	375,943	393,630
Less: Amount released to income	(375,943)	(393,630)
Add: Amount deferred in the year:		
Subscriptions	269,823	312,656
Training income	19,611	63,287
	<u>£289,434</u>	<u>£375,943</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

17. STATEMENT OF FUNDS 2020	Brought Forward	Income	Expenditure	Transfers	Carried forward
	£	£	£	In/(out)	£
				£	
Designated funds	3,672	-	-	(487)	3,185
General funds	205,250	1,543,697	(1,550,625)	487	198,809
	<u>£208,922</u>	<u>1,543,697</u>	<u>(1,550,625)</u>	<u>-</u>	<u>201,994</u>
Restricted funds	£125,825	149,316	(275,141)	-	-
	<u>£334,747</u>	<u>£1,693,013</u>	<u>£(1,825,766)</u>	<u>-</u>	<u>£201,994</u>
	<u><u>£334,747</u></u>	<u><u>£1,693,013</u></u>	<u><u>£(1,825,766)</u></u>	<u><u>-</u></u>	<u><u>£201,994</u></u>
STATEMENT OF FUNDS 2019	Brought Forward	Income	Expenditure	Transfers	Carried forward
	£	£	£	In/(out)	£
				£	
Designated funds	4,431	-	-	(759)	3,672
General funds	185,162	1,878,093	(1,858,764)	759	205,250
	<u>£189,593</u>	<u>£1,878,093</u>	<u>£(1,585,764)</u>	<u>-</u>	<u>£208,922</u>
Restricted funds	149,428	140,825	(164,428)	-	£125,825
	<u>£339,021</u>	<u>£2,018,918</u>	<u>£(2,023,192)</u>	<u>-</u>	<u>£334,747</u>
	<u><u>£339,021</u></u>	<u><u>£2,018,918</u></u>	<u><u>£(2,023,192)</u></u>	<u><u>-</u></u>	<u><u>£334,747</u></u>

DESIGNATED FUNDS

The fixed asset fund reflects the net book value of tangible fixed assets tied up in unrestricted funds at the year end. During the year £487 (2019: £759) was transferred out of this fund into general reserves to match the movement in net book value of these assets for the year.

RESTRICTED FUNDS

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

The restricted funds held at the prior year-end of £125,825 related to Forces in Mind Trust (FiMT). This was a grant for 2020 to cover the continued operation of the Armed Forces Charities Website (www.armedforcescharities.org.uk) and the production of two Focus reports on Finance and Families.

In 2020 two grants were received from Tudor Trust (£30,000) and Lloyds Bank Foundation (£30,000) each to be spent towards the development of a Governance App. These were fully spent in the year. Also in the year, two grants were received from London Community Response part of Bridge House Trust amounting to £44,268 and £45,048. These were fully spent in the year. Collectively these four grants totalled £149,316.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2020	Restricted Funds 2020 £	Unrestricted Funds 2020 £	Total Funds 2020 £
Tangible fixed assets	-	3,185	3,185
Intangible fixed assets	-	205,512	205,512
Current assets	-	793,909	793,909
Creditors due within one year	-	(632,549)	(632,549)
Creditors due after one year	-	(168,063)	(168,063)
Total	£ -	£201,994	£201,994

ANALYSIS OF NET ASSETS BETWEEN FUNDS 2019	Restricted Funds 2019 £	Unrestricted Funds 2019 £	Total Funds 2019 £
Tangible fixed assets	-	3,672	3,672
Intangible fixed assets	-	295,080	295,080
Current assets	125,825	656,976	782,801
Creditors due within one year	-	(714,986)	(714,989)
Creditors due after one year	-	(31,820)	(31,820)
Total	£125,825	£208,922	£334,747

19. OPERATING LEASE COMMITMENTS

At 31 December 2020 the charitable company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2020 £	2019 £	2020 £	2019 £
Less than 1 year	21,217	107,109	3,756	4,390
Between 2 and 5 years	35,517	289,899	1,638	335
> 5 years	-	-	-	-
	£56,734	£397,089	£5,394	£4,725

Committed rent and service charges payable for 2020 under the lease of the offices at One Old Hall Road, Liverpool (which expires on 3 September 2023) amounted to £22,703 (2019 - £21,432). The offices at 352 Holloway Road, London N7 were vacated on 31st December 2020 with no ongoing commitment (2019 – ongoing commitment £83,132).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

20. TAXATION

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

21. RELATED PARTY TRANSACTIONS

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

DSC Subscribed to Charity Finance Group on behalf of the organisation, at a cost of £345 in 2019. There was no equivalent cost in 2020.

Lesley Thornley, a Trustee of the Charitable Company, is also the Chief Executive of Hull and East Riding Citizens Advice Bureau Ltd, which organisation retained the Charitable Company to undertake an Impact evaluation study "Help Through Crisis" project at a cost of £12,000 (inc VAT), of which the first instalment of £6,000 (inc VAT) was invoiced in November in 2018. No further charges were invoiced in 2019 or 2020, but this project is ongoing.

Emily Hughes, a Trustee of the Charitable Company, is also Head of Quality Girlguiding, which organisation sent a delegate to attend a training at a cost of £199.00, and a second delegate for a separate training coursed at a cost of £399.00. The equivalent cost in 2019 was £471 when one delegate attended a training course.

Emily Hughes, is also a Trustee of Avert which organisation purchased a DSC publication for £19.70. The equivalent cost in 2019 was £980, when 9 delegates attended an in-house training course, and a separate delegate attended a training course at a cost of £329.

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

Related Party Donations. In accordance with SORP 2015, the aggregate amount of donations received from related parties without conditions amounted to £1,000. There was no equivalent income in 2019.

Debra Allcock Tyler is Chief Executive of the Charitable Company and also a Trustee of Berkshire Community Foundation which organisation sent a delegate to attend the Charity Leader's Summit at a cost of £99.00. There was no equivalent cost in 2019.

Debra Allcock Tyler is Chief Executive of the Charitable Company and also a Trustee of In Kind Direct. which organisation subscribed to Funds On Line at a cost of £1,009.16. There was no equivalent cost in 2019.

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22. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (2019):

	Note	Restricted Funds 2019 £	Unrestricted Funds 2019 £	Total Funds 2019 £
INCOME FROM				
Donations and legacies	2	-	14,391	14,391
Charitable activities	3			
<i>Training and events</i>		-	749,333	749,333
<i>Publications</i>		140,825	1,114,286	1,255,111
Investments		-	83	83
Total income		<u>140,825</u>	<u>1,878,093</u>	<u>2,018,918</u>
EXPENDITURE ON				
Charitable activities	5			
<i>Training and events</i>		-	1,003,484	1,003,484
<i>Publications</i>		164,428	855,280	1,019,708
Total expenditure		<u>164,428</u>	<u>1,585,764</u>	<u>2,023,192</u>
Net income		(23,603)	19,329	(4,274)
Transfers between funds		-	-	-
NET MOVEMENT IN FUNDS		(23,603)	19,329	(4,274)
Total funds at 1 January 2019		<u>149,428</u>	<u>189,593</u>	<u>339,021</u>
Total funds at 31 December 2019	17	<u><u>£125,825</u></u>	<u><u>£208,922</u></u>	<u><u>£334,747</u></u>