

Company Number: 02320712

Charity Number: 800517

Trustees' Report and Financial Statements

For the year ended 31 December 2016



The Directory of Social Change is a company limited by guarantee

**The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016**

Content	Page
Message from the Chair	3
Trustees' Report	
1. Achievements and Activities	4 -10
2. Public Benefit	10 - 11
3. Regulatory and Administrative Details	11 - 13
4. Structure, Governance and Management	13 - 15
5. Finance Review	16 – 18
6. Strategic Report – Plans for the Future	18
7. Statement of Trustees Responsibilities	18 - 19
8. Auditors	19
Independent Auditors' Report	20 - 21
Statement of Financial Activities	22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the Financial Statements	25 - 42

Message from the Chair

2016 was a year of two halves. The first half of the year DSC's plans and activities went pretty much according to plan, culminating in July with the board undertaking a strategic review of the organisation and setting new priorities for the next phase of its development.

The second half of the year saw a sudden and unexpected decline in some of our revenue streams which required swift and focussed action and sadly resulted in the loss of a small number of valued staff. It was unclear as to why this happened, but the timing was very close to the referendum result and we may have been affected by short-term reactions from our beneficiaries. However, the actions the Executive took to mitigate stabilised the charitable company and put DSC into a stronger position in the coming year to continue its valuable work into the sector.

But despite the challenges there were some significant highlights during the year. We developed our live-stream offering which proved to be enormously popular and I was delighted, as the Chair, to be involved in the first live-streaming of my speech on leadership which attracted over 100 viewers from all over the world in addition to the delegates in the room.

We launched a range of new and updated publications – most notably the first edition of Effective School Governance which is a new sector for DSC.

We continued our efforts to recover the money owed to the Big Lottery Fund, taking advantage of the coverage of the Rio Olympics to attract further coverage, most notably the Guardian, the ITN London news and BBC Radio Scotland. We continue to grow and develop support and we are committed to seeing this campaign through to a positive conclusion no matter how long it takes.

We also spearheaded the launch of the Grants for Good Campaign with our partners, Charity Finance Group, Children England, NAVCA, Clinks, the Small Charities' Coalition, Locality and the Lloyds Bank Foundation for England and Wales.

We were also delighted to receive two key pieces of funding from Forces in Mind Trust. One to research and produce a report into the Armed Forces charities operating in Scotland and then a further award to develop the wider Armed Forces research including the website www.armedforcescharities.org.uk and a programme of topical reports analysing the military charities sector. FiMT have proved to be exemplars in funding partnerships – something that DSC has a great deal of expertise in so this is not a compliment given lightly.

Moving forward the Executive will be implementing the new strategic priorities of DSC which is to extend our reach by improving our digital footprint; building our expertise and developing more support regionally.

As always the Board is proud of the effort of our staff, authors, associate trainers and volunteers and are positive about the long term future of DSC and its work for and on behalf of the sector that is so important to this country.

Catherine Johnstone CBE
Chair
Directory of Social Change

Trustees' Report

Welcome to the Trustees' Annual Report and Audited Financial Statements for the year ended 31 December 2016.

1. Achievements and Activities during 2016

DSC's vision is 'An independent voluntary sector at the heart of social change'. In 2016 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.

1.1 Equip voluntary sector organisations with high quality services and products that support them

We continued to offer a wide range of products, services and information available across multiple formats that are accessible to voluntary organisations of all sizes and types.

1.1.1 Training, Conferences and Fairs

Courses: DSC welcomed around 2,000 attendees to over 223 courses in 2016. Again, our most popular course subject areas were Fundraising, Management, Governance, Finance and Personal Development. Topical information seminars in Brexit, Fundraising Regulations, Data Protection and Fundraising and Philanthropy and Fundraising proved extremely popular. Along with new course titles such as Bringing out the Best in your Boards, Financial Governance - all you need to know, Getting the Paperwork Perfect and A Trustee's Role in Fundraising.

In-house training: in 2016 we carried out over 164 trainings days, with various organisations which is a little down on last year. A range of bespoke programmes was delivered in various subject areas including personal development, management, governance, fundraising and others. We continued to work with a wide range of organisations including, Age UK, Big Local, Natcen and Little Sisters of the Poor. Our work took us throughout the UK to London, Manchester, Yorkshire, Portsmouth and Cornwall.

This year also saw us continue to work with Kasuma Trust in Gibraltar, European Roma Rights in Albania, and also deliver fundraising training in the Netherlands. Our coaching programme also continues to grow working with Age UK, Natcen and others.

Conferences and events: we ran nine Conference/Fairs in 2016, an additional event in comparison to 2015. Eight of these events we ran were at Resource for London our office venue, with the Charity Accountants Conference held in Bristol. In 2016 a total of 1,003 people attended our events; this was down on the 2015 figure of 1,122, demonstrating how challenging it is to attract attendees to events.

Fundraising Fair was our most well attended event in 2016 with 282 people in attendance, this was over 50% more than the 2015 attendance number of 180 people. This figure could be seen as a reflection of how important fundraising was on the sectors agenda, especially with the introduction of the Fundraising regulator.

2016 also saw us develop our online offering, with us offering a livestream aspect to two of our fairs. At Management Fair in February we livestreamed a plenary session delivered by our Chair of Trustees and former CEO of Samaritans, Catherine Johnstone. Livestreaming enabled those unable to attend to watch Catherine live online for free, this could be watched on any type of online device such as a tablet, phone, computer or laptop from anywhere in the world. This livestream attracted 149 people online, from all over the UK, USA, Italy and Germany who watched the plenary live.

Continuing on from our success at Management Fair, we again offered a livestream package for a small fee, which allowed those unable to attend in person the chance to watch sessions live from both days of the Fundraising Fair. We also offered free livestreaming access to the plenaries on both days of the fair, delivered by our internal Policy Officer on day one and fundraising expert Stephen Pidgeon on day two. The package was purchased by 117 people, and 171 people watched the plenary sessions live over the two days, again from all over the UK and also Australia, Canada, USA, Sweden and Indonesia.

This year 250 people attended our Charityfair event in London, which saw us run 16 masterclasses (each two hours long) and 28 sessions (each one hour long) over two days. A range of topics was covered such as Fundraising, Management and Leadership, Personal Development, Charity Marketing, Finance and Legal. Other events and fairs we ran in 2016 were The Charity Law Conference with partners Russel Cooke, Volunteer Fair, The Charity Accountants Conference with partners Sayer Vincent, Charity Writing and Communications Day with partners Jennifer Campbell Communications and the HR Focus Fair.

In summary, with around 2,000 delegates on public courses, 1,003 delegates attending our conferences and fairs in person, 437 attending through online livestreaming and 164 In-house training days delivered, DSC helped in the region of 5,000 people from around 3,500 charities through its training activity in 2016.

1.1.2 Publishing

In 2016 we published six new titles including our researched funding directories, a fully revised handbook on charity VAT and a new venture on school governance.

In January we tackled the impenetrable world of charity VAT with the 4th edition of *The Complete Charity VAT Handbook* in association with Sayer Vincent – a mammoth undertaking by the authors but of immense value to sector finance managers. Later in the spring in March we published a parallel title to our successful *Charity Trustee's Handbook* in our Key Guides series on *Effective School Governance* which received great support from the educational sector.

The year also saw our research team hard at work with the publication of four of our bestselling bi-annual directories. In the Spring we published both the 14th edition of *The Guide to Educational Grants* and the 15th edition of *The Guide to Grants for Individuals in Need*. In June, we also produced our annual look at newly registered grant-making charities with *The Guide to New Trusts 2016/17*. As always, the range of the new grant-making charities was quite diverse. This year they included new trusts set up by both sports stars and well-known politicians. In the Autumn we celebrated the 15th edition of *The Guide to Major Trusts* by publishing it for the first time in a single rather than two separate volumes without compromising on the content.

In the year we further extended the number of titles available in dual platforms. The majority of our titles are now available digitally either as kindle titles through amazon.co.uk or as viewable pdfs through www.dsc.org.uk.

Our subscription websites trustfunding.org.uk, companygiving.org.uk, grantsforindividuals.org.uk and governmentfunding.org.uk have continued to attract large numbers of subscribers and provide invaluable information and analysis of sources of funding for many thousands of charity fundraisers. We have continued to improve and enhance the information provided by these resources, by improving coding and tagging of the data; adding search tags to specifically help major customers find relevant support; and continually adding new sources of funding. Over the year there were:

279,837 visits to Trustfunding

59,235 visits to Governmentfunding

50,370 visits to Gransforindividuals

17,965 visits to Companygiving

The full list of new print titles in 2016 was:

- * The Complete Charity VAT Handbook - 4th edition
- * Effective School Governance – 1st edition
- * The Guide to Educational Grants 2016/17
- * The Guide to Grants for Individuals in Need 2016/17
- * The Guide to New Trusts 2016/17
- * The Guide to Major Trusts 2017/18

We also produced the following e-publications in pdf format:

- * The Guide to New Trusts 2016/17
- * Capital Campaigns – 1st edition
- * The Charity Trustee's Handbook – 2nd edition
- * Charitable Incorporated Organisations – 1st edition
- * The Complete Fundraising Handbook – 6th edition
- * Corporate Fundraising – 4th edition
- * Data Protection for Voluntary Organisations – 3rd edition
- * The Complete Volunteer Management Handbook – 3rd edition
- * The Complete Charity VAT Handbook – 4th edition
- * DIY Powerful Publicity – 1st edition
- * Delivering Effective Governance – 1st edition
- * How to Love Your Donors (to Death)! – 1st edition
- * Legacy Fundraising – 3rd edition
- * Major Donor Fundraising – 1st edition
- * Marketing Strategy – 1st edition
- * Practical Guide to Managing in a Downturn – 1st edition
- * Trust Fundraising – 2nd edition

1.2 Promote the value of a vibrant and diverse independent voluntary sector

We continued to work to promote the value of a diverse and vibrant voluntary sector in the UK.

1.2.1 DSC Social Change Awards

The DSC Social Change Awards are for all those working to achieve a positive change in society - individuals, charities, community groups, companies, and public bodies – representing the huge diversity of voluntary endeavour in the UK.

Now in their 10th year, in 2016 (although the ceremony actually took place in February 2017) the Awards once again attracted high quality nominations from some fantastic charities and individuals; this year there were 143 entries for the six awards categories, and nearly 4,500 votes were cast for the shortlisted nominees. The Awards retain their uniqueness through a public vote of the shortlisted candidates.

1.2.2 Media coverage during the year

Over the year, DSC received coverage in 198 articles across a range of charity sector and non-charity sector press, as well as some broadcast coverage. We were asked to comment on a range of important issues relating to Charity Commission guidance, strategy and governance; the activities of the new Fundraising Regulator and proposed Fundraising Preference Service; Lord Hodgson's review of the Lobbying Act; the Budget and the Autumn Statement, amongst other topics.

DSC's Big Lottery Refund campaign again hit the headlines in August around the time of the Rio Olympics, with coverage in The Guardian, BBC Radio Scotland and ITN London News.

DSC's Chief Executive continued her monthly column in Third Sector Magazine which regularly receives positive feedback and share on social media, particularly twitter. Other articles and blogs by DSC staff were published in outlets such as Fundraising Magazine, Civil Society, Third Sector magazine and Lawyer Monthly on a range of issues.

1.2.3 Policy and public affairs

One of DSC's policy principles is Responsible Regulation – we believe that the regulation of charities and voluntary groups should be proportionate, appropriate and enabling. Our work follows from these principles, which are available on our website. This year DSC continued to influence public policy by offering constructive but forthright feedback on a number of government proposals and issues that affect the sector's independence, particularly around regulation.

During the year, much of our policy work involved responding to consultations, new initiatives and announcements which have a regulatory impact on charities, and therefore on charitable beneficiaries. For example, our work from previous years on the Charities Act continued, as the Charity Commission consulted on new powers to issue statutory warnings and to disqualify trustees after the passage of the Act in March. We responded to a number of consultations on fundraising, including revisions to the Commission's CC20 guidance, and on the Fundraising Regulator. In the Autumn we responded to and engaged with the Commission's consultation on the charities SORP. We anticipate that regulation will continue to be a key theme of our policy work in 2017.

The massive cuts to the Commission's budget remain a concern which DSC has consistently highlighted over the years. We believe the Commission needs to be adequately resourced to enable charity trustees to perform their duties effectively. However, current budgetary pressures mean the Commission is now pushing to be able to charge charities for regulation, which DSC adamantly opposes.

Over the year, DSC continued its typically outspoken commentary on many other issues through public speaking engagements, our E-newsletter, our Policy Bulletin, external articles and blogs, press releases, online message boards, and increasingly via social media channels such as twitter. We also worked hard on building stronger relationships with colleagues in the sector and attended a number of meetings and consultation events held by the Charity Commission, Charity Finance Group, the Association of Charitable Foundations, the National Council for Voluntary Organisations, and Lloyds Bank Foundation for England and Wales.

1.3 Connect givers, influencers and social change makers

During 2016 DSC carried out a number of campaigning and research activities which sought to bring together givers, influencers and social change makers.

1.3.1 Big Lottery Refund Campaign

DSC continued to lead the Big Lottery Refund campaign, now supported by nearly 4,000 charities. The campaign aims to get the Government to pay back £425 million to the Big Lottery Fund, which was the amount taken by from Big in 2007 to support the London 2012 Olympics.

Campaign activity included releasing new infographics to illustrate the impact that a Big Lottery Refund could have on a range of charitable causes, writing press releases and articles, and producing new videos from campaign supporters describing 'what difference a £10,000 grant from the Big Lottery Fund would mean to your charity's beneficiaries'. Videos are available on the campaign website www.biglotteryrefund.org.uk.

We corresponded with new Prime Minister Theresa May, the new DCMS Minister Tracey Crouch MP, the new London Mayor Sadiq Khan, and the new Labour Shadow Minister for Culture Steve Reed MP about the campaign. We worked with the offices of Natalie McGarry MP, Roger Godsiff MP, and Louise Haigh MP on Parliamentary Questions related to Olympic assets and the agreement to refund the lottery distributors from asset sales. We promoted an Early Day Motion in the Westminster Parliament on the topic that was signed by political parties from all countries of the UK, and a motion in the Scottish Parliament.

1.3.2 Grants for Good campaign

Early in 2016 DSC coordinated the launch of a new campaign, Grants for Good. This a collaborative campaign with Charity Finance Group, Children England, Navca, Clinks, Small Charities Coalition, Locality and Lloyds Bank Foundation for England and Wales. The broad aims of the campaign are to reverse the decline in public sector grants for charities, and to support better grant-making practice by public bodies.

During the year we launched our webpage www.dsc.org.uk/grantsforgood, built up a supporter network, held roundtable consultations with charities, developed some 'Principles of Good Grant-making for distribution to commissioners, and wrote several media articles. In 2017 the campaign is seeking to work with some public sector commissioners to develop good practice which then can be shared across public sector networks.

1.3.3 Great Giving Campaign

DSC believes that company giving to charity in Britain needs to be dramatically improved - that companies can give more, more companies can give, and companies can give better. During 2016 we continued to make the case for greater transparency around company giving to politicians, companies and colleagues, mainly via speeches, presentations and written articles. We continued to press politicians to reverse regulatory changes in 2013 which allow companies not to declare cash donations in their annual reports and accounts, without success.

1.3.4 Research on Armed Forces Charities

In addition to our other research work we further developed our research into armed forces charities with continued funding and generous support from the Forces in Mind Trust. In 2016 this included support to evaluate our Armed Forces Charities Project to date and to research and produce a report on Armed Forces Charities in Scotland. Towards the end of 2016 we were extremely grateful to receive notification from the Forces in Mind Trust of an award for the additional development of the armed force charities project for a further three years to include a series of topical reports into the Armed Forces Charity sector. This important work will continue to the end of 2019.

A core objective for DSC during 2017 and beyond is to continue to expand our research work, beyond our traditional focus on fundraising directories to a greater range and type of research which benefits the charity sector overall or 'sub-sectors' within it. We continue to establish connections and partnerships with other organisations to further this objective.

1.4 An independent DSC, financially robust in self-generated revenue

DSC's underlying principle remains to generate the vast majority of our funding from sales of our products and services. We only seek funding for specific research or developmental products that offer real value to the voluntary sector and that we cannot fund ourselves.

Notwithstanding being awarded a very significant grant of £447,459 by Forces in Mind Trust for specific research reports into Armed Forces Charities and to upgrade the Armed Forces Charities website, we were still able to separately generate 82.0% (2015 92.7%) of our own income to bring total income for the year to £2,493,541 (2015 £2,360,737). It was gratifying to be able record this 5.6% income increase, given that 2016 was such a difficult year for the charitable sector as a whole.

Despite Brexit and the reduction by the Bank of England of the money market rates on which long-term pensions liabilities are predicated, it was gratifying that our historic defined benefit pension scheme was able to reduce the deficit by a modest £1,566. This enabled us to take a small credit to our Statement of Financial Activities instead of having to absorb a £50,947 historic deficit as we did in 2015 when the FRS 102 pensions rules were introduced. During 2016 we also introduced the auto-enrolment pensions scheme for all those not in one of the original voluntary historic schemes that we offered to staff. There was a higher take-up than originally envisaged for the new pensions scheme.

The amount of net investment in the year into the subscription websites, publications in all their formats, and in working up new projects, totalling a sum of £152,599 represents a 29.5% increase over 2015's net £117,829 and has been entirely self-financed. No small achievement. It is anticipated that this substantial financial effort will enable us to keep up with the pace of technological advance which continues apace in all walks of life.

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 to 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 that 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 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 the following facilities available free to our beneficiaries during the year:

2.1 Free content

DSC continues to publish a large amount of free content from voluntary sector experts including DSC staff, trainers and authors. 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.

We published approximately 115 free content articles in 2016. DSC e-news was read by just under 80,000 charity professionals in 2016, and @DSC_Charity twitter followers stood at nearly 13,000 at the end of the year.

2.2 Library Facilities

We have a bookshop and library at our Holloway Road office and in our Old Hall Street, Liverpool offices where reference can be made to any of our publications and access gained to our subscription websites free of charge while users are on the premises. Nearly 300 visitors took advantage of these facilities during 2016. We also gave occasional free funding website workshops on site in our Holloway Road library (visitor stats included in above total).

2.3 Charityfair

Charityfair which took place in London, continued to offer a free resources area, visitors could access professional one to one coaching sessions, plenary session on each day, the exhibition area with various exhibitors, the DSC funding websites, the Charityfair bookshop and a Wellbeing area with various free activities.

2.4 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.

A number 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 those with sight problems we provide our printed publications in scalable pdf format to aid readability.

2.5 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 and policy briefings. During 2016 we had 16,120 newly registered users, compared to 6,081 new registrations in 2015. Free downloads totalled over 22,739 in the year, compared to 2,976 in 2015.

2.6 Enquiries to DSC's Research Team

The Research Team based in Liverpool maintains our four subscription websites and produces a range of publications to guide and assist our beneficiaries. Team members have a wealth of knowledge and experience about funding for charitable causes and are able to respond to enquiries referred by other departments or directly from the public. During 2016 the team responded to enquiries on a range of topics relating to charity development, governance, trusteeship, strategy, and funding.

Examples range from co-trustees requiring advice on establishing a community interest company which would provide counselling services and holistic therapies for people on low incomes, to a National Park based in the heart of England in the Peak District requesting governance advice. Referrals from the Charity Commission are not uncommon. Members of the team are able to respond directly to the majority of these enquiries or will signpost or suggest other relevant organisations to approach.

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) no. 02320712 and as a charity no. 800517. The principal office address, which is also the Registered Office of the charitable company is at 352 Holloway Road, London N7 6PA.

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 2016 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 Charities" (FRS102) issued in 2015.

The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016

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 subscription websites: www.trustfunding.org.uk, www.governmentfunding.org.uk, www.companygiving.org.uk and www.grantsforindividuals.org.uk.

Campaigning on behalf of 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

We have an office in London and one in Liverpool.

3.3.1 The London office

352 Holloway Road
London
N7 6PA

Tel: 08450 77 77 07

E-mail: cs@dsc.org.uk

Website: www.dsc.org.uk

3.3.2 The Liverpool office

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	Chief Executive, The Charity Finance Group
Andrew Garnett	Chief Executive, The Garnett Foundation
Catherine Johnstone CBE	Interim Chief Executive, Migrant Help UK
Alistair Mortimer	Vice President, Service Strategy, Network Services, Bank of America Merrill Lynch

The Directory of Social Change

Report and Financial Statements for the year ended 31 December 2016

Lesley Thornley	Chief Executive, Hull & East Riding Citizens Advice Bureau
Jamie Wilcox	Head of Volunteer Services, Great Ormond Street Hospital for Children NHS Foundation Trust

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 who ran the charitable company on a day-to-day basis during 2016 comprised:

Debra Allcock Tyler	Chief Executive
Ben Wittenberg	Director of Development and Delivery
Jay Kennedy	Director of Policy and Research
John Wallace	Director of Operations
Chibuzo Okpala	became Finance Director in October 2016
Satinder Pujji	Finance Director until his retirement in June 2016

3.6 Auditors, Bankers and Solicitors

Auditors:

haysmacintyre
26 Red Lion Square
London
WC1R 4AG

Bankers:

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

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

Solicitors:

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

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.

Trustee vacancies are ordinarily advertised nationally and on our website following identification of gaps in the trustee board in terms of skills, knowledge, etc. Short listed applications are interviewed by the Chair, the Chief Executive and another Trustee where possible. All existing Trustees are consulted on the final selection before appointments.

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.

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.

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, who are delegated to run the charitable company on a day-to-day basis, meets monthly and reports to the Trustees. The members of the group are shown under section 3.5 above.

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 2016:

BeInspired
Captiv8
Civil Society Media
Forces in Mind Trust
In Kind Direct
Institute of Leadership and Management (ILM)
Jennifer Campbell Charity Writing and Publications
National Association for Voluntary and Community Action (NAVCA)
National Council for Voluntary Organisations (NCVO)
Office for Civil Society
Reason Digital

Russell-Cooke
Sayer Vincent
Shyrose Jessa
Small Charities Coalition
Technology Trust
Third Sector Magazine
upriseUP

4.5 Risk

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

Current areas of potential risk continue to include the following:

DSC's customer base being vulnerable to fluctuating funding patterns

Decline in print buying

IT Systems collapse

Office space being unavailable

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 back-up of IT data

A Disaster Recovery Plan has been prepared

Back-up plans in place

A full re-appraisal of risk management was completed in 2016, with a risk "heat-map" in four colours visually highlighting where the risks specific to DSC are calibrated for seriousness or likelihood. Both the senior leadership team and the Trustees were involved in this review, which took full account of the Charity Commission Guidance document "Charities and Risk Management" (CC26). The re-appraisal covers not only operational risks, but also identified and emerging risks.

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
- A failed partnership that damages reputation or ability to deliver other services

Rather than extend the document to include every possible risk and every possible impact at different levels, we have integrated risk management into our monthly management reporting, with a clear assessment and escalation process.

Managers are accountable for risks in their own areas of the business, and to date have been required to report on risks in a general sense in their Leadership Team reports (produced monthly).

Major and urgent risks. Risks that emerge or occur quickly will be 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 management team.

5. Finance Review

In 2016 we generated 82.0% (2015 – 92.7%) of our own income. This income is generated through the sales of our books, websites, training and events.

Overall charitable income in 2016 was £2,493,541 compared to £2,360,737 in 2015 an increase of 5.6%. This improved income derives from an increase in publications and dissemination of information of £232,058, partially offset by a reduction in training and events income as described below and also no longer having any income from charity centre which generated £37,881 in 2015. Expenditure was reduced to £2,248,429 compared to £2,322,432 in 2015, a reduction of 3.2%. The lower costs principally derive from the lower training and events expenditure as described below and no longer having the costs from charity centre which amounted to £142,557 in 2015, partially offset by the increased costs of £306,732 for publications and dissemination of information arising from the increased sales of these products.

The financial performance of DSC in 2016 was impacted by two key factors. We were affected by downturn in income from training and events of £61,056, and although costs for this area were reduced by £238,178 compared to 2015, this was still not sufficient to cover the losses in this activity. Further action was taken in the late summer/early autumn of the year to contain costs which included redundancy costs of £41,137. There was also one payment of £17,500 with agreed notice period relating to long term illness. It is anticipated that the action taken will secure a better net outcome in 2017. The second factor is that the Trustees had approved investment in development of publications and websites which was allowed for out of reserves.

DSC received or became entitled to receive grants in the year amounting to £447,459 (£171,322 in 2015). The bulk of the work to service this income will be undertaken in the years 2017 to 2018. We are bidding for additional grant funded business, which is expected to make a contribution in 2017.

There has been an increase in net assets (working capital) in the year of £245,112. Although this is due to the restricted income recorded as receivable within debtors, and despite a loss in unrestricted activities of £61,299 during 2016, this is a healthy increase in the year and compares with a reduction in working capital of £112,501 in calendar 2015 when there was a loss in unrestricted activities of £47,280. DSC continues to operate without the need for an overdraft or bank borrowings.

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 a donation of £2,500 in 2016 (2015 - £2,500).

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 5 to the Financial Statements.

- 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. The Chief Executive's salary is determined in line with the pay policy for all DSC staff.
- 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. Any salary increases proposed other than at the annual review reflect the need to retain key staff and are determined by the Chief Executive with advice to the Chair of Trustees.

5.3 Reserves

The reserves policy of the Board of Trustees is based on some of the recommendations in the Charity Finance Group's report 'Beyond Reserves'.

At their meeting at which the Budget for the forthcoming year is approved, the Board considers whether the resources available for use in the planned activities of the charitable company will be sufficient before determining what should be the appropriate level of reserves for the year ahead and whether any adjustments are needed for designated reserves.

In addition, at their quarterly meetings the Board reviews the reserves position of the charitable company as part of its review of accounting information. This includes turnover analysis, cost analysis, Balance Sheet review and cash flow analysis for the recent quarter, the year to date and projections to the year end. This detailed review of the results enables the Board and the Senior Leadership Team to consider the restricted and free reserves with a view to determining their sufficiency and the impact of the forecast results on reserves held. Any contingent items that might need to be considered are reported to and discussed by the Board at these meetings

The Trustees feel 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. The Trustees note that this policy has, despite all the significant one off events that have taken place in the year as detailed above, resulted in the unrestricted general funds only declining from £173,574 to £112,275, a decrease of £61,299 reflecting the net loss for the year (2015 – A decrease of £47,280 from £230,854 to £173,574). The Trustees have duly noted this position and that the investment in fixed and intangible assets financed by creditors has increased to £57,393 from £11,939 in 2015, but also that all liabilities are still being paid on time.

In any one year, the Trustees 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.

Currently funds are designated for the purpose of financing Fixed Assets purchases of leasehold improvements, furniture and fittings and computer equipment equivalent to the net book value of those assets. At 31 December 2016, these Designated Funds amounted to £16,785 (2015 - £21,827).

The total reserves position at the end of 2016 amounted to £554,244 (2015 - £309,132). Detailed analysis of the Reserves position is shown in the Notes to the Financial Statements entitled Statement of Funds and Analysis of Net Assets between Funds, Notes 17 and 20 respectively on pages 39 and 40.

As described above, the current Funds Policy is to review available funds on an ongoing basis at each Trustees Meeting in order to ensure the adequacy of resources for current and future needs, and to allow for risks, opportunities and contingencies. Our Designated Funds are reviewed annually.

Taking account of forward accounts projections, cash flow forecasts and budget projections for the future years 2018 and 2019, the Trustees do not anticipate that DSC will have any problems in meeting its commitments under restricted funds.

5.4 Investment Policy and Performance

At the Balance Sheet date the charitable company only held cash investments. Funds surplus to immediate requirements are placed on short-term deposit, or 1-30 day call, at DSC's bankers. The returns on these funds remain depressed due to the continuing national policy of holding bank base rates at historically low levels, which were further reduced to 0.25% after the Brexit vote. Income generated in 2016 amounted to £215 (2015 - £532).

5.5 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 Nil due to be returned at 31 December 2016 (2015 - Nil).

6. Strategic Report - Plans for the Future

During the year the Trustees and Senior Leadership Team embarked on a thorough review of strategy to determine whether the objects of the charitable company are being adequately served by the current provision and range of services. At a Strategy Away Day, the Trustees and the Senior Leadership Team considered a range of options both for services and for beneficiaries that would enable DSC to continue to serve its beneficiaries in a time of great uncertainty.

A headline three year budget and outline plan was developed, with significant focus on the coming year, based on the understanding that the needs of our DSC's beneficiaries could change considerably following implementations of Brexit and national government policy.

The key focus of the plan is to increase DSC's reach, specifically;

- Online, through online learning and provision of other information and support
- Regionally, by increasing the support provided to organisations outside of London in particular
- Through growing expertise, and reaching more beneficiaries with specific and expert help.

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;
- 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 companies exemptions provided by section 415A of the Companies Act 2006.

8. Auditors

The auditors, haysmacintyre 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 companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 27 April 2017 and signed on their behalf by:

Alistair Mortimer
Trustee

Lesley Thornley
Trustee

The Directory of Social Change

Report and Financial Statements for the year ended 31 December 2016

Independent Auditors' Report to the Members of the Directory of Social Change

We have audited the financial statements of The Directory of Social Change for the year ended 31 December 2016 which comprise of the primary statements such as the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its net movement in funds, including its income and expenditure, for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditors' Report to the Members of the Directory of Social Change (Continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; 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' exemption in preparing the Trustees' Annual Report incorporating the Strategic Report.

Anna Bennett

Senior Statutory Auditor

for and on behalf of haysmacintyre, Statutory Auditor

25 Red Lion Square

London

WC1R 4AG

Date: 27 / 4 /2017

The Financial Statements are published on The Directory of Social Change website, www.dsc.org.uk, the maintenance and integrity of which is the responsibility of The Directory of Social Change. The work we carry out as auditors does not involve consideration of the maintenance and integrity of the website and accordingly we accept no responsibility for any changes that may have occurred to the financial statements following their initial presentation on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
For the year ended 31 December 2016

	Note	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Restated Funds 2015 £
INCOME FROM					
Donations and legacies	2	-	2,500	2,500	2,500
Charitable activities	3				
<i>Training and events</i>		-	874,390	874,390	935,446
<i>Publications</i>		447,459	1,168,977	1,616,436	1,384,378
<i>Charity centre</i>		-	-	-	37,881
Investments		-	215	215	532
Total income		447,459	2,046,082	2,493,541	2,360,737
EXPENDITURE ON					
Charitable activities	4				
<i>Training and events</i>		-	1,004,736	1,004,736	1,242,914
<i>Publications</i>		141,048	1,102,645	1,243,693	936,961
<i>Charity centre</i>		-	-	-	142,557
Total expenditure		141,048	2,107,381	2,248,429	2,322,432
Net income		306,411	(61,299)	245,112	38,305
Transfers between funds		-	-	-	-
NET MOVEMENT IN FUNDS		306,411	(61,299)	245,112	38,305
Total funds at 1 January 2016		135,558	173,574	309,132	270,827
Total funds at 31 December 2016	20	£441,969	£112,275	£554,244	£309,132

The notes on pages 25 - 42 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 2015 are shown in note 24.

The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016

BALANCE SHEET
Company limited by guarantee
As at 31 December 2016

Company Number: 02320712
Charity Number: 800517

	Note	2016		Restated 2015	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		16,785		21,827
Intangible assets	11		152,883		163,686
			<u>169,668</u>		<u>185,513</u>
CURRENT ASSETS					
Stock	12	420,449		304,079	
Debtors	13	618,303		262,989	
Cash at bank		83,443		247,564	
		<u>1,122,195</u>		<u>814,632</u>	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	(685,825)		(635,093)	
NET CURRENT ASSETS			436,370		179,539
Creditors: amounts falling due after more than one year	14		(51,794)		(55,920)
NET ASSETS	20		£554,244		£309,132
CHARITABLE COMPANY FUNDS					
Restricted funds	18		441,969		135,558
Unrestricted – designated funds	19		16,785		21,827
Unrestricted – general funds	19		95,490		151,747
			<u>£554,244</u>		<u>£309,132</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 25 - 42 form part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on 27th April 2017 and were signed below on their behalf by:

Alistair Mortimer
Trustees

Lesley Thornley
Trustee

**The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016**

STATEMENT OF CASH FLOWS

FOR YEAR END 31 DECEMBER 2016

	Note	2016 £	2015 £
Cash flows from operating activities	a	(123,594)	67,650
Cash flows from investing activities			
Interest income		215	532
Purchase of tangible assets		(4,513)	(19,711)
Purchase of intangible assets		(36,229)	(187,221)
Cash provided by (used in) investing activities		(40,527)	(206,400)
Increase/(decrease) in cash and cash equivalents in the year		(164,121)	(138,750)
Cash and cash equivalents at the beginning of the year		247,564	386,314
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		83,443	247,564
a) Net income (expenditure) for the year			
Depreciation charges and amortisation		56,253	32,960
Dividends and interest from investments		(215)	(532)
Loss/(profit) on the sale of fixed assets		334	2,635
(Increase)/decrease in stock		(116,370)	69,392
(Increase)/decrease in debtors		(355,314)	(82,443)
Increase/(decrease) in creditors		46,606	7,333
Net cash generated/(used) in operating activities		(123,594)	67,550

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and 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 page 12 and 13. 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 Charitable company's registered office is 352 Holloway Road, London, N7 6PA.

Preparation of accounts on a going concern basis

The trustees consider there are no material uncertainties about the Charitable company's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charitable company remains a going concern for the foreseeable future.

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 Charitable company'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 2.5% has been used to calculate the present value of pension provision.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

Income

All income is recognised once the charitable company 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 and 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.

Gifts in kind

Gifts in kind represent assets donated for distribution or use by the charitable company. Assets given for distribution are recognised as income only when distributed. Assets given for use by the charitable company 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 charitable company 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 charitable company 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

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: 46%
- Publications and dissemination of information: 54%

(2015 equivalent, during the first two months of which the charitable company was still at 24 Stephenson Way, London NW1: Training and events 49%, Publications and dissemination of information 41% and Charity Centre 10%).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

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

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 charitable company 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 charitable company 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 2016

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 websites in the course of preparation at the year-end in furtherance of the purposes of a project for which a grant has been received. Cost includes staff costs and associated overheads. The website will be amortised over 4 years once it goes live.

Funds

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

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.

**The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

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 2016 £	Total Funds 2015 £
Donations	£2,500	£2,500

3. INCOME FROM CHARITABLE ACTIVITIES

	Total Funds 2016 £	Total Funds 2015 £
Training and events	874,390	935,446
Publications and dissemination of information	1,616,436	1,384,378
Charity Centre	-	37,881
Total	£2,490,826	£2,357,705

See note 18 for details of movements in restricted funds.

**The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

Income from publications and dissemination of information	2016	2015
Includes grants as follows:	£	£
Forces in Mind Trust – grants towards:-		
Military Charities Online Resource Centre	-	41,248
Scottish Armed Forces Charities Resource Centre	-	82,264
Armed Forces Charities Impact Evaluation	-	47,820
Armed Forces Charities Themed Research Reports during 2017-2018 and redevelop the Armed Forces Website	447,459	-
Total	£447,459	£171,332

4. ANALYSIS OF EXPENDITURE

	Staff Costs £	Depreciation £	Other Costs £	Support Costs £	Total 2016 £	Total 2015 £
Training and events	477,902	4,242	302,072	220,520	1,004,736	1,242,914
Publications and Dissemination of information	625,238	4,979	354,606	258,870	1,243,693	936,961
Charity Centre	-	-	-	-	-	142,557
Total	£1,103,140	£9,221	£656,678	£479,390	£2,248,429	£2,322,432

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.

5. GOVERNANCE

	Total 2016 £	Total 2015 £
Staff costs	29,690	28,394
Other costs	15,882	8,665
Audit and accountancy	24,640	19,250
Total	£70,212	£56,309

During the year, no Trustees received any remuneration (2015: £Nil).

During the year, no Trustees received any benefits in kind (2015: £Nil).

During the year 3 Trustees were reimbursed £950 for out-of-pocket expenses (2015: 1 Trustee reimbursed £260) in respect of travel and subsistence for attending meetings of the charitable company.

The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

6. SUPPORT COSTS ALLOCATED TO ACTIVITIES

	Staff Costs £	Office Costs £	Premises Costs £	Governance Costs £	Total 2016 £	Total 2015 £
Training and events	39,734	128,261	20,227	32,298	220,520	242,773
Publications and dissemination of information	46,644	150,567	23,745	37,914	258,870	203,136
Charity Centre	-	-	-	-	-	49,546
Total	<u>£86,378</u>	<u>£278,828</u>	<u>£43,972</u>	<u>£70,212</u>	<u>£479,390</u>	<u>£495,455</u>

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

7. NET INCOME FOR THE YEAR

	2016 £	2015 £
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charitable company	9,221	9,425
Amortisation of intangible fixed assets	47,032	23,535
Auditors' remuneration - audit services (<i>excluding VAT</i>)	17,900	17,500
	<u>73,153</u>	<u>49,460</u>

8. STAFF COSTS AND NUMBERS

	2016 £	2015 £
Staff costs were as follows:		
Wages and salaries	1,041,020	1,096,039
Social security costs	104,577	110,873
Pension costs	14,974	12,984
Redundancy payments	58,637	11,455
	<u>1,219,208</u>	<u>£1,231,351</u>

Redundancy payments were made in the year to two employees totalling £41,137. The redundancy payments were as a result of restructuring at the charitable company. There was also one payment of £17,500 with agreed notice period relating to long term illness. All amounts were paid in the year.

**The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

8. STAFF COSTS AND NUMBERS

The average number of employees during the year was as follows:	No.	No.
Training	17	14
Publications	18	15
Accounting and administrative support	7	7
Management and administration	1	1
	43	37
	40	35
Full time equivalent	40	35

1 employee received remuneration between £80,000 – £90,000 in 2016 (2015: between £80,000 - £90,000 - 1). The employer pension contributions for this employee were £370 (2015 – Nil).

The total employee remuneration of the key management personnel of the charitable company were £271,075 (2015: £320,240).

The Directory of Social Change Report and Financial Statements for the year ended 31 December 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

9. PENSION COMMITMENTS

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the 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 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 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. 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 2013 to 31 March 2023:	£13.9m per annum	(payable monthly and increasing by 3% each on 1st April)
-------------------------------------	------------------	---

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. 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 30 September 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 company has agreed to a deficit funding arrangement the 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 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.

**The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

PRESENT VALUES OF PROVISION	£	£	£
	31 Dec 2016	31 Dec 2015	31 Dec 2014
Present value of provision	49,261	50,847	36,291

9. PENSION COMMITMENTS (Continued)

RECONCILIATION OF OPENING AND CLOSING PROVISIONS	£	£
Provision at start of period	2016 50,847	2015 36,291
Unwinding of the discount factor (interest expense)	1,205	680
Deficit contribution paid	(4,993)	(4,284)
Remeasurements - impact of any change in assumptions	2,202	(1,261)
Remeasurements - amendments to the contribution schedule	-	19,421
Provision at end of period	49,261	50,847

There was £660 in outstanding contributions in 2016 (2015 - £Nil) included in the Balance Sheet.

**The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

10. TANGIBLE FIXED ASSETS	Leasehold Improvements	Furniture & Fittings	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 January 2016	7,781	9,221	167,145	184,147
Additions	-	1,979	2,534	4,513
Disposals	-	(409)	(4,234)	(4,643)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	7,781	10,791	165,445	184,017
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2016	1,898	1,537	158,885	162,320
Charge for the year	2,277	2,240	4,704	9,221
Disposals	-	(163)	(4,146)	(4,309)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	4,175	3,614	159,443	167,232
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 December 2016	£3,606	£7,177	£6,002	£16,785
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2015	£5,883	£7,684	£8,260	£21,827
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All fixed assets are used for charitable purposes.

**The Directory of Social Change
Report and Financial Statements for the year ended 31 December 2016**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

11. INTANGIBLE FIXED ASSETS	Websites	Total
	£	£
Cost		
At 1 January 2016	187,221	187,221
Additions	36,229	36,229
	<hr/>	<hr/>
At 31 December 2016	223,450	223,450
	<hr/>	<hr/>
Depreciation		
At 1 January 2016	23,535	23,535
Charge for the year	47,032	47,032
	<hr/>	<hr/>
At 31 December 2016	70,567	70,567
	<hr/>	<hr/>
Net Book Value		
At 31 December 2016	£152,883	£152,883
	<hr/>	<hr/>
At 31 December 2015	£163,686	£163,686
	<hr/>	<hr/>
12. STOCKS AND WORK IN PROGRESS	2016	2015
	£	£
Publications		
Work in progress	115,913	95,660
Finished books	129,324	107,266
Subscription websites		
Work in progress	69,508	60,566
Electronic		
Work in progress	105,704	40,587
	<hr/>	<hr/>
	£420,449	£304,079
	<hr/>	<hr/>
13. DEBTORS	2016	2015
	£	£
Due within one year		
Trade debtors	101,920	110,773
Other debtors	21,047	20,768
Prepayments and accrued income	495,336	131,448
	<hr/>	<hr/>
	£618,303	£262,989
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2016

14. CREDITORS: amounts falling due within one year	2016	2015
	£	£
Due within one year		
Trade creditors	116,962	101,464
Other taxation and social security	80,923	49,684
Other creditors	12,830	9,937
Accruals	45,449	52,199
Deferred income (see note 15)	424,324	416,816
Pension provision	5,337	4,993
	<u>£685,825</u>	<u>£635,093</u>
CREDITORS: amounts falling after more than one year		
Other creditors	7,870	10,066
Pension provision	43,924	45,854
	<u>£51,794</u>	<u>£55,920</u>
15. DEFERRED INCOME	2016	2015
	£	£
Balance at start of year	416,816	424,088
Less: Amount released to income	(416,816)	(424,088)
Add: Amount deferred in the year:		
Subscriptions	358,728	347,293
Training income	65,596	69,523
	<u>£424,324</u>	<u>£416,816</u>
Amounts have been deferred to the period to which they relate.		
16. FINANCIAL INSTRUMENTS	2016	2015
	£	£
Financial assets at amortised cost	£206,410	£379,105
Financial liabilities at amortised cost	£232,372	£224,513

Under FRS 102 the definition of financial assets includes cash, trade debtors and other debtors, and the definition of financial liabilities includes trade creditors, other creditors, accruals and pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2016

17. STATEMENT OF FUNDS	Brought Forward £	Income £	Expenditure £	Transfers In/(out) £	Carried Forward £
Designated fund					
Fixed Asset Fund	21,827	-	-	(5,042)	16,785
General funds	151,747	2,046,082	£(2,107,381)	5,042	95,490
Total Unrestricted Funds	<u>£173,574</u>	<u>£2,046,082</u>	<u>£(2,107,381)</u>	<u>£ -</u>	<u>£112,275</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 £5,042 was transferred out of this fund into general reserves to match the movement in net book value of these assets for the year.

18. STATEMENT OF FUNDS	Brought Forward £	Income £	Expenditure £	Transfers In/(out) £	Carried Forward £
Restricted funds					
Publications and the dissemination of Information	£135,558	£447,459	£(141,048)	£ -	£441,969

RESTRICTED FUNDS

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

The restricted funds held at the year-end relates to Forces in Mind Trust (FiMT) 2. This is funded by the FiMT to produce themed research reports on Armed Forces Charities in 2017 and 2018, and redevelop the Armed Forces website (www.armedforcescharities.org.uk).

19. SUMMARY OF FUNDS	Brought Forward £	Income £	Expenditure £	Transfers In/(out) £	Carried forward £
Designated funds	21,827	-	-	(5,042)	16,785
General funds	151,747	2,046,082	(2,107,381)	5,042	95,490
	173,574	2,046,082	(2,107,381)	-	112,275
Restricted funds	135,558	447,459	(141,048)	-	441,969
Total of funds	<u>£309,132</u>	<u>£2,493,541</u>	<u>£(2,248,429)</u>	<u>£ -</u>	<u>£554,244</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2016

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Tangible fixed assets	-	16,785	16,785	21,827
Intangible fixed assets	-	152,883	152,883	163,686
Current assets	447,459	674,736	1,122,195	814,632
Creditors due within one year	(5,490)	(680,335)	(685,825)	(635,093)
Creditors due after one year	-	(51,794)	(51,794)	(55,920)
Total	£441,969	£112,275	£554,244	£309,132

21. OPERATING LEASE COMMITMENTS

At 31 December 2016 the charitable company had commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2016 £	2015 £	2016 £	2015 £
Less than 1 year	107,338	104,732	-	-
Between 2 and 5 years	134,707	222,547	-	-
> 5 years	35,485	62,868	-	-
	£277,530	£390,147	£ -	£ -

Committed rent and service charges payable for 2017 under the lease of the offices at 352 Holloway Road, London N7 (which expires on 31 July 2018) and the lease of One Old Hall Road, Liverpool (which expires on 3 September 2023) amount respectively to £77,252 (2016- £75,715) and £21,216 (2016 - £18,680).

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. No provision has been made in the accounts due to the uncertainty of the situation.

22. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2016

23. RELATED PARTY TRANSACTIONS

Caron Bradshaw, a Trustee of the charitable company, is also the Chief Executive of Charity Finance Group. In 2016 Membership of the Charity Finance Group was taken out by the charitable company for Mr Satinder Pujji at a cost of £330.00. There was no equivalent cost in 2015.

Lesley Thornley, a Trustee of the charitable company, is also the Chief Executive of Hull and East Riding Citizens Advice Bureau. In 2016 Mr Graham Shepherd, the Director of Finance of the Hull & East Riding Citizens Advice Bureau attended a course on Financial Governance provided by the charitable company at a cost of £85.00. There was no equivalent cost in 2015.

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 (2015 – no transactions).

Debra Allcock Tyler, Chief Executive of the charitable company and was a Trustee throughout the year of In Kind Direct. In Kind Direct exhibited at Charityfair in May 2016 on a free of charge basis, the equivalent cost would have been £600 including VAT (2015 – exhibited free of charge at Charityfair – equivalent cost £1,800 including VAT). She was also a Trustee of The Small Charities Coalition until 20 January 2015 who were provided with a room at the charitable companies premises while still at 24 Stephenson Way for January 2015 on a free of charge basis for which the equivalent cost would have been £800.

John M de C Hoare, Company Secretary of the Charitable Company and acted throughout the year in that capacity. In the year in his capacity as Company Secretary he attended as a delegate free of charge the following conferences and courses put on by the charitable company:

- Charity Accountants Conference, Bristol – September 2016 (equivalent cost would have been £ 674 including VAT)
- Data Protection, London – December 2016 (equivalent cost would have been £ 335)
- Business and Strategic Planning, London – December 2016 (equivalent cost would have been £340).

(In 2015, in his capacity as Company Secretary he attended on a free of charge basis Charity Accountants Conference for which the equivalent cost would have been £649 (including VAT) and Charity Law, London for which the equivalent cost would have been £250).

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2016

24. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (2015):

	Note	Restricted Funds 2015 £	Unrestricted Funds 2015 £	Total Funds 2015 £
INCOME FROM				
Donations and legacies	2	-	2,500	2,500
Charitable activities	3			
<i>Training and events</i>		-	935,446	935,446
<i>Publications</i>		171,332	1,213,046	1,384,378
<i>Charity centre</i>		-	37,881	37,881
Investments		-	532	532
Total income	17	171,332	2,189,405	2,360,737
EXPENDITURE ON				
Charitable activities	4			
<i>Training and events</i>		-	1,242,914	1,242,914
<i>Publications</i>		85,747	851,214	936,961
<i>Charity centre</i>		-	142,557	142,557
Total expenditure	17	85,747	2,236,685	2,322,432
Net income		85,585	(47,280)	38,305
Transfers between funds		-	-	-
NET MOVEMENT IN FUNDS		85,585	(47,280)	38,305
Total funds at 1 January 2015		49,973	220,854	270,827
Total funds at 31 December 2015		£135,558	£173,574	£309,132