

REGISTERED COMPANY NUMBER: 03549029 (England and Wales)
REGISTERED CHARITY NUMBER: 1070331

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016
FOR
NATIONAL GOVERNORS' ASSOCIATION**

**J W Hinks LLP
Chartered Accountants
and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
West Midlands
B15 3BH**

NATIONAL GOVERNORS' ASSOCIATION

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

	Page
Report of the Trustees	1 to 8
Report of the Independent Auditors	9 to 10
Statement of Financial Activities	11
Balance Sheet	12
Notes to the Financial Statements	13 to 20

NATIONAL GOVERNORS' ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The National Governors' Association aims to improve the well-being of children and young people by promoting high standards in all our schools, and improving the effectiveness of their governing boards. This is done by:

1. Providing information and advice to school governors, trustees and clerks - **EXPERT**
2. Extending the understanding and practice of good school governance – **EXPERT**
3. Ensuring the voices of governors and trustees are heard – **REPRESENTATIVE**
4. Being recognised as the leading organisation on school governance, exercising influence through high quality policy communications, cutting edge practice, and through appropriate partnerships - **INFLUENTIAL**
5. Being a resilient, well-managed and successful organisation through effective internal operations, sound financial management, and the development of the organisation, its business and its people - **SECURE and HEALTHY**

NGA represents and supports governors and trustees from all state-funded schools in England, both maintained schools and academies. Membership of the NGA is open to Governing Bodies (at a standard and a GOLD rate), to Associations of Governing Bodies (normally covering a local authority area but independent of the local authority), to individual governors, and to public authorities and companies who have an interest in school governance.

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. The review also helps us to ensure that our aims, objectives and activities remain focused on our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

The focus of our work

The focus of the National Governors' Association continues to be the improvement of the well-being of children and young people through the encouragement and maintenance of good school governance via the provision of support and information to school governors.

NATIONAL GOVERNORS' ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

ACHIEVEMENT AND PERFORMANCE

Charitable activities

How our activities deliver public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit, including the guidance on public benefit and fee charging.

All of our charitable activities focus on our ability to encourage and maintain good school governance through the provision of information and support to school governors.

Key achievements and successes during the period include the following.

The annual survey of NGA members carried out in October 2015 showed continued high satisfaction with both membership services and the priced publications, *Welcome to Governance* and *The Chair's Handbook*. The price for non-members has been maintained for five years at £10 and for members for two years at £5. *Welcome to Governance* remains the most widely used induction guide for school governors in England.

The key elements of the membership package, the bi-monthly magazine *Governing Matters* and the e-newsletter sent to members each Friday during term-time, continue to be very well received. The number of calls to the GOLD advice line continues to increase as the number of GOLD members grows. Legal advice is given in partnership with legal firm Browne Jacobson.

The traffic to NGA's website has increased again with further content added to the guidance centre.

Two national conferences for members were held during the year, June 2015 in Manchester and November 2015 in London; both were full to capacity. Regional meetings were held for members in Autumn 2015 and Spring 2016. In addition we held six free regional conferences – London in April 2015; Nottingham and Gateshead in October 15, and Liverpool, Birmingham and Reading in March 16 – as well as our second conference for governors of special schools in May 2015. We also continue to provide speakers for many national and local events on school governance.

We held the awards ceremony for our biennial awards for Outstanding Governance in the House of Commons in June 2015

Our annual survey with TES was completed by almost 6,000 respondents and the results used in many ways, NGA continues to be represented at many Department for Education (DfE) meetings, both round-tables and bi-laterals. Three of the key DfE standing groups on which we are represented are the Education Forum, the Advisory Group on Governance, and the School and Academy Funding Group. The NGA responded to all relevant formal consultations, and gave oral evidence on a number of occasions, including to the House of Commons Education select committee and the STRB (School teachers' Review Board). We act as the secretariat of the All-party Parliamentary Group on Education Governance and Leadership, and at its September reception we published with the Association of School and College Leaders a guide on joining or forming a group of schools, *Staying in Control of your school's destiny*.

We also work with a large numbers of partners to further the aims of our members and to improve the effectiveness of governing boards. The Framework for Governance with the Wellcome Trust continues to be widely distributed and welcomed.

We continue to be an active member of the Inspiring governors alliance, coordinated by the Education & Employment Taskforce, to encourage volunteering as governors and provide a web portal for prospective volunteers.

The NGA training & consultancy team has continued to grow, working with an increasing number of groups of schools. The work also provides useful insight to the guidance needed for governing boards to help them improve and for those who are joining or growing federations or multi academy trusts. Our Leading Governance partnership is now the largest of the licensees delivering the National College for Teaching and Leadership's governors and clerks programmes.

NATIONAL GOVERNORS' ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Due to increasing membership numbers, we were able to further increase our staff team – adding just before the beginning of this financial year, Head of Information; Head of Communications and Marketing, Head of Training Development posts, and just before the end of the year, the Head of Advice, a Director of Business Development and a Business Development assistant.

The board would like to thank the staff group for their continued hard work and support during the year.

FINANCIAL REVIEW

Principal funding sources

We would like to take this opportunity to thank those partners who promoted NGA membership alongside their own services during the year, in particular Baker Dearing Trust, Bromley Local Authority, Cheshire East Council, Derby City Council, Derby Teaching School Alliance, Halton Borough Council, Knowsley Council, London borough of Lambeth Local Authority, Leicestershire County Council, Peterborough City Council, One Education, Sandwell Association of Governing Bodies, Stockport Metropolitan Council, Swindon Borough Council, Thurrock Council, and TKAT

In addition we received funding from five sponsors: EES for Schools; gel; modern governor; PS Financials; and TES Leadership recruitment.

Investment policy and objectives

The Directors have full powers under the Memorandum of Association to make investments on behalf of the charity. The Directors having regard to the liquidity requirements of the NGA's operations have operated a policy of keeping available funds in short-term interest-bearing deposit accounts, and seek to achieve the best available market return on such deposits, commensurate with the requirement for absolute security of capital.

FINANCIAL REVIEW

Reserves policy

The National Governors' Association has a reserves policy to help secure the Association's viability beyond the immediate future and to provide reliable services over the longer term.

In the trustees' opinion, as at June 2015, the Association required reserves totalling £200,000 of which £150,000 would represent the current legal requirements for any potential redundancies and settling of leases.

The Association's Board reconsider the level of any legal requirements in the event of any potential winding-up of the Association annually.

Following the appointment by the board of new accountants in 2014 and a change of auditor it was brought to trustees' attention in 2015 that the Association's treatment of VAT was open to question and a detailed specialist review was recommended. The board duly instructed such a review, the outcome of which was that VAT reclaims had been incorrect since 2010. Pending a formal response from HMRC, the board has instructed that specific provision of £154,667 be made in these accounts to correct the consequent underpayment of VAT.

The Association in good faith had followed the advice given by its previous accountant and notes that no issue was raised in audit reports. Trustees wish to record their disappointment in the advice provided by NGA's former auditor.

NATIONAL GOVERNORS' ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

Financial review

The Statement of Financial Activities for the year ended 31 March 2016 shows total incoming resources of £1,143,418 (2015 - £999,149) and total resources expended of £1,165,567 (2015 - £1,025,151), generating net resources expended of £22,149 (2015 - £26,002).

Membership subscriptions, our principle source of income, increased by some 15% during the year ended 31 March 2016 from £738,138 to £848,870 which was almost all due to an increase in membership numbers, particularly the on-going increase in Gold membership during the year ended 31 March 2016 compared to the year ended 31 March 2015.

Membership fees	2013/14	2014/15	2015/16	2016/17
Standard GB	£72	£75	£77	£79
GOLD GB	£260	£260	£260	£260
Corporate	£288	£288	£288	£288
Individual	£36	£37	£38	£39

During the year ended 31 March 2016, training and consultancy income represent significant sources of income for the Association although this income is off-set by equivalent expenditure.

Publications income continues to be a significant source of income for the Association, although it reduced slightly mainly due to prices being reduced and because more members were entitled to them free as part of their GOLD membership.

FUTURE PLANS

NGA's top priority over the coming three years is to extend our reach to schools and multi academy trusts which are not currently engaged with our work in order to improve governance.

At the end of 2019, NGA will:

- Be confirmed as the independent source of information and support for school governors, trustees, clerks and governing boards as well as their representative voice;
- Have influenced the shape, culture and practice of school governance in a way which strengthens accountability in order to improve the education of pupils, and
- Have redesigned our membership structure and offer to take into account the movement towards multi academy trusts.

To achieve this, **in 2016/17** we need to focus on:

- improving the extent and scope of our guidance centre, while continuing to ensure the quality of all our services;
- continuing to raise our profile across the education sector;
- extending our training offer available to governing boards who are currently not availing themselves of high quality training,
- capitalising on a meaningful 10th anniversary campaign,
- ensuring all our services are relevant to multi academy trusts, and
- researching and consulting on the membership structure review so that it is relevant to groups of schools while sustainable for NGA.

Although we are increasing our training and consultancy offer, serving the members of NGA will remain at the heart of our work. Trustees regularly review the appropriateness of and progress towards the Association's strategic objectives having close and particular regard to financial resources. In this light it was decided to set a deficit budget deliberately to reduce reserves which had comfortably reached the recommended level in order further to enhance the depth and breadth of services to members. As membership growth has continued at a consistently strong pace, trustees considered that the risk of increased staffing costs creating an ongoing structural deficit was low.

NATIONAL GOVERNORS' ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Chief Executive reviews the risk assessment at regular intervals and reports on any changes in this risk assessment to the Board.

Progress against the objectives in the three-year strategic plan forms the basis of the exception reporting by the Chief Executive to each meeting of the Board. The annual budget was agreed by the Board at its April meeting and is monitored through quarterly reports to trustees. Internal risks are minimised by sound financial procedures.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The company was incorporated on 20 April 1998, company number 3549029 and is a registered charity, charity number 1070331. The name of the company was amended to the National Governors' Association in 2006.

In the event of the Association being wound up members are required to contribute an amount not exceeding £1.

Recruitment and appointment of new trustees

The governance of the company is the responsibility of the Directors who are elected and appointed under the terms of the Articles of Association. Under charity law the directors are deemed to be trustees of the charity.

The Board of Directors contains a maximum of nine elected Directors and up to four further co-opted Directors. Three places were open for election by postal ballot during the autumn and three directors were duly elected from the AGM on 14 November 2015, although one trustee then had to resign after this work took him outside England. Two more trustees were appointed after a recruitment and selection process during the year to bring particular skills to the board.

The current Board will continue in office until the next Annual General Meeting of the Association to be held on 19 November 2016.

NATIONAL GOVERNORS' ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Each December the Board of Directors appoints, from its members, four or five honorary officers: the Chair, one or two vice-chairs, Treasurer and Honorary Secretary. The officers' group acts as a staffing committee when necessary.

The Directors met five times during the year as a full board to confirm a strategic plan to guide the organisation's work, and to monitor its implementation. Operational implementation of the strategic objectives is delegated to a Chief Executive, Emma Knights, who is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. To facilitate effective operations, the Chief Executive also has authority, within terms of delegation approved by the Directors, for operational matters including finance, employment and service delivery.

Induction and training of new trustees

New board members undergo an induction training session before their first board meeting to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the schedule and structure of meetings, board protocols and the organisation's strategic plan. This is usually led by the Chair of NGA and its Chief Executive or the Company Secretary. During the session, which takes place at the NGA's office, new trustees meet the staff of the organisation and are briefed on their roles. A Trustees' section of the NGA's website contains past and forthcoming papers, relevant policies and other useful resources.

Key management remuneration

In the trustees' opinion, the key management personnel of the NGA responsible for the direction, control, running and operation of the NGA on a day to day basis consists of the Board of Trustees and the Chief Executive.

Key management personnel - trustees

All trustees give of their time freely and no trustee received remuneration during the year.

Details of trustees' expenses and related party transactions are disclosed in notes 9 and 19 to the financial statements.

Key management personnel - chief executive

The pay of the NGA's senior staff is reviewed annually and normally increased based upon the position of the NGA's finances and the cost of living in general.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

03549029 (England and Wales)

Registered Charity number

1070331

Registered office

7th Floor
36 Great Charles Street
Birmingham
West Midlands
B3 3JY

NATIONAL GOVERNORS' ASSOCIATION

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016**

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Margaret Bull

John Collings

- Appointed 14 November 2015

- Resigned 12 January 2016

Ian Courtney

Katie Paxton-Doggett

- Appointed 18 April 2016

Doreen Dankyi-Killick

- Appointed 10 December 2015

Nigel Brent Fitzpatrick

David Harries

Peter Duncan Haworth

- Appointed 14 November 2015

Siddique Hussain

Nicolette Joan Lamont

Frederick Manning

Company secretary

Gillian Allcroft

Chief executive

Emma Knights

Senior statutory auditor

Peter Smith ACA

Independent auditors

J W Hinks LLP

Chartered Accountants

and Statutory Auditors

19 Highfield Road

Edgbaston

Birmingham

West Midlands

B15 3BH

Bankers

HSBC Bank

130 New Street

Birmingham

West Midlands

B2 4JU

NATIONAL GOVERNORS' ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of National Governors' Association for the purposes of company law) are responsible for preparing the Report of the Trustees 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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's 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.

AUDITORS

The auditors, J W Hinks LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 7 July 2016 and signed on its behalf by:



Ian Courtney - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NATIONAL GOVERNORS' ASSOCIATION

We have audited the financial statements of National Governors' Association for the year ended 31 March 2016 on pages eleven to twenty. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors' 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 set out on page eight, 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.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NATIONAL GOVERNORS' ASSOCIATION**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



Peter Smith ACA (Senior Statutory Auditor)
for and on behalf of J W Hinks LLP
Chartered Accountants
and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
West Midlands
B15 3BH

7 July 2016

NATIONAL GOVERNORS' ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted fund £	Restricted fund £	2016 Total funds £	2015 Total funds as restated £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
Income from charitable activities	4	1,118,301	-	1,118,301	972,222
Other trading activities	2	24,023	-	24,023	25,433
Investment income	3	1,094	-	1,094	1,494
Total		1,143,418	-	1,143,418	999,149
EXPENDITURE ON					
Charitable activities					
Charitable activities	6	707,080	-	719,801	541,303
Support costs	7	458,487	-	445,766	483,848
Total		1,165,567	-	1,165,567	1,025,151
NET INCOME/(EXPENDITURE)		(22,149)	-	(22,149)	(26,002)
RECONCILIATION OF FUNDS					
As previously reported		365,219	-	365,219	265,359
Prior year adjustment	12	(125,862)	-	(125,862)	-
As Restated		239,357	-	239,357	265,359
TOTAL FUNDS CARRIED FORWARD		217,208	-	217,208	239,357

The notes form part of these financial statements

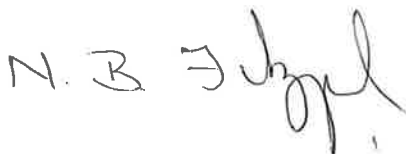
NATIONAL GOVERNORS' ASSOCIATION

BALANCE SHEET
AT 31 MARCH 2016

	Notes	Unrestricted fund £	Restricted fund £	2016 Total funds £	2015 Total funds as restated £
FIXED ASSETS					
Tangible assets	14	270	-	270	3,614
CURRENT ASSETS					
Stocks		5,842	-	5,842	4,251
Debtors	15	110,436	-	110,436	80,107
Cash at bank		<u>323,406</u>	-	<u>323,406</u>	<u>303,978</u>
		439,684	-	439,684	388,336
CREDITORS					
Amounts falling due within one year	16	<u>(222,746)</u>	-	<u>(222,746)</u>	(152,593)
NET CURRENT ASSETS		<u>216,938</u>	-	<u>216,938</u>	<u>235,743</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>217,208</u>	-	<u>217,208</u>	239,357
NET ASSETS		<u><u>217,208</u></u>	-	<u><u>217,208</u></u>	<u><u>239,357</u></u>
FUNDS					
Unrestricted funds	18			<u>217,208</u>	<u>239,357</u>
TOTAL FUNDS				<u><u>217,208</u></u>	<u><u>239,357</u></u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Trustees on 7 July 2016 and were signed on its behalf by:



Nigel Brent Fitzpatrick -Trustee

The notes form part of these financial statements

1. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements of the charitable company have been prepared in accordance with the Charities SORP (FRSSE) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)', the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

INCOME

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

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on cost
Computer equipment	- 33.3% on cost

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

Contributions to the personal pension schemes of certain employees are charged to the Statement of Financial Activities in the period in which they relate. The assets of these personal pension schemes are held separately from those of the Association in independently administered funds.

NATIONAL GOVERNORS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES - continued

TAXATION

The Association is exempt from corporation tax on its charitable activities.

OPERATING LEASES

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

COMPANY STATUS

The Association is a company limited by guarantee and the members of the company are the trustees named in the Report of the Trustees.

In the event of the Association being wound up the liability in respect of the guarantee is limited to £1 per member of the Association.

2. OTHER TRADING ACTIVITIES

	2016	2015
	£	as restated £
Advertising and sponsorships	<u>24,023</u>	<u>25,433</u>

3. INVESTMENT INCOME

	2016	2015
	£	as restated £
Bank interest receivable	<u>1,094</u>	<u>1,494</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	2016	2015
	Income from charitable activities £	Total activities as restated £
Membership fees	848,870	738,138
Project income	14,520	11,248
Training and consultancy income	171,313	149,534
Publications income	68,047	65,036
Miscellaneous income	<u>15,551</u>	<u>8,266</u>
	<u>1,118,301</u>	<u>972,222</u>

NATIONAL GOVERNORS' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016**

5. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 6) £	Support costs (See note 7) £	Totals £
Charitable activities	707,080	-	707,080
Support costs	<u>-</u>	<u>458,487</u>	<u>458,487</u>
	<u><u>707,080</u></u>	<u><u>458,487</u></u>	<u><u>1,165,567</u></u>

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2016 £	2015 as restated £
Staff costs	391,764	231,434
Training and consultancy expenses	99,857	117,255
Project costs	17,852	6,608
Conferences and regional meeting expenses	68,380	52,485
Members' magazine expenses	95,105	84,271
Other publication costs	19,503	19,692
Representation expenses	13,615	17,928
Business development costs	<u>13,725</u>	<u>11,630</u>
	<u><u>719,801</u></u>	<u><u>541,303</u></u>

7. SUPPORT COSTS

	Other £	Governance costs £	Totals £
Support costs	<u>440,777</u>	<u>4,989</u>	<u>445,766</u>

Support costs, included in the above, are as follows:

NATIONAL GOVERNORS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

7. SUPPORT COSTS - continued

Other

	2016	2015
	Support costs	Total activities as restated
	£	£
Wages	156,461	135,552
Social security	13,923	11,642
Pensions	8,391	7,475
Office rent and services	66,519	46,974
Marketing and publicity	15,729	2,565
Insurance	3,116	1,774
Professional development	10,450	8,606
Office expenses	82,552	48,654
IT equipment and expenses	27,327	17,866
Trustees' expenses	4,739	6,076
Bank charges	5,776	4,570
Office improvements	1,822	59,114
Irrecoverable VAT	40,629	125,862
Depreciation of tangible fixed assets	<u>3,343</u>	<u>4,518</u>
	<u>440,777</u>	<u>481,248</u>

Governance costs

	2016	2015
	Support costs	Total activities as restated
	£	£
Auditors' remuneration	2,889	2,600
Professional fees	<u>2,100</u>	-
	<u>4,989</u>	<u>2,600</u>

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2016	2015
	£	as restated £
Auditors' remuneration	2,889	2,600
Depreciation - owned assets	<u>3,344</u>	<u>4,517</u>

NATIONAL GOVERNORS' ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016**

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2016 nor for the year ended 31 March 2015.

TRUSTEES' EXPENSES

During the year ended 31 March 2016 16 trustees (2015 - 19) were reimbursed a total of £4,739 (2015 - £6,076) for expenses incurred such as travel, subsistence and telephone whilst performing duties on behalf of the Association.

10. STAFF COSTS

	2016	2015 as restated
	£	£
Wages and salaries	498,058	337,533
Social security costs	47,766	31,370
Other pension costs	24,715	17,200
	<u>570,539</u>	<u>386,103</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Management and administration	<u>19</u>	<u>14</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016	2015
£60,001 - £70,000	<u>1</u>	<u>1</u>

	2016	2015
	£	£
High paid staff pension contributions to money purchase schemes	<u>3,773</u>	<u>3,697</u>

The number of high paid staff to whom retirement benefits were accruing was as follows.

	2016	2015
Money purchase schemes	<u>1</u>	<u>1</u>

NATIONAL GOVERNORS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund	Restricted fund	Total funds as restated £
	£	£	£
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Income from charitable activities	972,222	-	972,222
Other trading activities	25,433	-	25,433
Investment income	<u>1,494</u>	<u>-</u>	<u>1,494</u>
Total	999,149	-	999,149
EXPENDITURE ON			
Charitable activities			
Charitable activities	541,303	-	541,303
Support costs	<u>483,848</u>	<u>-</u>	<u>483,848</u>
Total	1,025,151	-	1,025,151
NET INCOME/(EXPENDITURE)	(26,002)	-	(26,002)
RECONCILIATION OF FUNDS			
Total funds brought forward	265,359	-	265,359
TOTAL FUNDS CARRIED FORWARD	<u>239,357</u>	<u>-</u>	<u>239,357</u>

12. PRIOR YEAR ADJUSTMENT

Following a review commissioned by the trustees of how the Association accounts for VAT in relation to the years ended 31 March 2012 to 31 March 2015, the trustees have restated VAT due to HMRC as at 31 March 2015.

As a result, the carrying value of VAT due to HMRC from the Association has been increased by £125,862 as at 31 March 2015 and the Association's retained surplus has been decreased by £125,862 as at 31 March 2015.

13. PENSION COMMITMENTS

The Association contributes to the individual pension plans of certain employees. The assets of these schemes are held separately from those of the Association in independently administered funds.

Total contributions for the year ended 31 March 2016 amounted to £24,715 (2015 - £17,200) and outstanding contributions as at 31 March 2016 amounted to £3,878 (2015 - £472).

NATIONAL GOVERNORS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

14. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2015 and 31 March 2016	<u>3,158</u>	<u>25,042</u>	<u>28,200</u>
DEPRECIATION			
At 1 April 2015	3,158	21,428	24,586
Charge for year	<u>-</u>	<u>3,344</u>	<u>3,344</u>
At 31 March 2016	<u>3,158</u>	<u>24,772</u>	<u>27,930</u>
NET BOOK VALUE			
At 31 March 2016	<u>-</u>	<u>270</u>	<u>270</u>
At 31 March 2015	<u>-</u>	<u>3,614</u>	<u>3,614</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 as restated £
Trade debtors	97,036	60,591
Other debtors	<u>13,400</u>	<u>19,516</u>
	<u>110,436</u>	<u>80,107</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 as restated £
Trade creditors	35,238	15,863
Social security and other taxes	14,606	8,672
VAT	155,946	120,219
Other creditors	9,367	472
Deferred income	4,989	4,767
Accrued expenses	<u>2,600</u>	<u>2,600</u>
	<u>222,746</u>	<u>152,593</u>

NATIONAL GOVERNORS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

17. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2016	2015 as restated
	£	£
Expiring:		
Between one and five years	<u>36,691</u>	<u>30,228</u>

18. MOVEMENT IN FUNDS

	At 1.4.15	Prior year adjustment	Net movement in funds	At 31.3.16
	£	£	£	£
Unrestricted funds				
General fund	365,219	(125,862)	(22,149)	217,208
	<u>365,219</u>	<u>(125,862)</u>	<u>(22,149)</u>	<u>217,208</u>
TOTAL FUNDS	<u>365,219</u>	<u>(125,862)</u>	<u>(22,149)</u>	<u>217,208</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,143,418	(1,165,567)	(22,149)
	<u>1,143,418</u>	<u>(1,165,567)</u>	<u>(22,149)</u>
TOTAL FUNDS	<u>1,143,418</u>	<u>(1,165,567)</u>	<u>(22,149)</u>

Purpose of unrestricted funds

General fund.

This fund represents the free funds of the Association that have not been designated for particular purposes.

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2016.

20. ULTIMATE CONTROLLING PARTY

The Association is controlled by the trustees as listed in the Report of the Trustees.