

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
FOR
NATIONAL GOVERNANCE ASSOCIATION

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

NATIONAL GOVERNANCE ASSOCIATION

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

	Page
Report of the Trustees	1 to 9
Report of the Independent Auditors	10 to 11
Statement of Financial Activities	12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Cash Flow Statement	15
Notes to the Financial Statements	16 to 26
Detailed Statement of Financial Activities	27 to 28

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

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 2017. 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 applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The National Governance Association (NGA) aims to improve the well-being of children and young people by promoting high standards in our schools and by improving the effectiveness of their governing bodies.

This is done by:

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

The 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 Boards (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, to multi academy trusts and public authorities and to 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 NGA 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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

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 2016 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. A new guide, "Welcome to a Multi Academy Trust", published in November 2016 was extremely well received and sold out its first print run in a few months.

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 the 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 2016 in Birmingham and November 2016 in Manchester - both were full to capacity. Regional meetings were held for members in Autumn 2016 and Spring 2017. In addition we held five free regional conferences - Birmingham, Sheffield and Stansted in October 2016 and Leicester and Gateshead in March 2017 - as well as our first conference for clerks in February 2017. We also continue to provide speakers for many national and local events on school governance.

In 2016 we marked the NGA's ten year anniversary with our Growing Governance campaign, encouraging boards to think further about their vision and strategy for the years ahead, and celebrated the role of school governance in leading vision in the schools system.

Our annual survey with TES was completed by 5,000 respondents and the results used in many ways.

The NGA continues to be represented at many Department for Education (DfE) meetings, both at round-tables and bi-laterals. We also worked with NFER to carry out a feasibility study for the DfE on developing a metric for the quality of governance and worked with both NFER and Future Leaders on research on executive heads which was published in July. We also carried out work on the time spent by chairs of governing boards.

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.

We also work with a large number of partners to further the aims of our members and to improve the effectiveness of governing boards. We were successful in bidding with the charity called Education & Employment to the DfE for the governance recruitment service which has been called "Inspiring Governance". We are providing support for new volunteers and are running a pilot to recruit future chairs.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The NGA training and consultancy team has continued to grow, working with an increasing number of groups of schools. The work also provides a 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. From April 2016, we took over the National College for Teaching and Leadership's licensee for the Leading Governance partnership from the Eastern Leadership Centre (ELC) which was closing down and thereby becoming responsible for the delivery of the governor leadership and clerks' development programmes.

Similarly, we took over Governor E-learning from ELC in May 2016, updating the modules and managing delivery for existing customers. In the autumn, we undertook a tender for a new partner, Virtual College, and in January began the development of a new platform for the e-learning along with eight new induction modules.

Due to increasing membership numbers and to taking over work from the ELC, we were able to further increase our staff team - adding a business development manager, a training administrator, two additional graduate trainee information officers for the advice team, a PR officer and the head of Inspiring Governance.

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 Cheshire East Council, Derby City Council, Derby Teaching School Alliance, Hackney Learning Trust, Halton Borough Council, Knowsley Council, Leicestershire County Council, Oxfordshire County Council, Peterborough City Council, Sandwell Association of Governing Bodies, Stockport Metropolitan Council, Swindon Borough Council, Warrington Borough Council and Wirral Borough Council.

In addition, we received funding from the following sponsors: modern governor, TES Prime, Eastern Leadership and PS Financials.

Investment policy and objectives

The trustees have full powers under the Memorandum of Association to make investments on behalf of the charity. The trustees, 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.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

FINANCIAL REVIEW

Reserves policy

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

The trustees' have set the level of reserves required as 20% of annual income and will aim to achieve this over a three year period. The NGA's Board reconsiders the level of any legal requirements in the event of any potential winding-up of the Association annually.

Financial review

The Statement of Financial Activities for the year ended 31 March 2017 shows total incoming resources of £1,695,118 (2016 - £1,143,418) and total resources expended of £1,708,228 (2016 - £1,165,567), generating net resources expended of £13,110 (2016 - £22,149).

Membership subscriptions, our principle source of income, increased by some 12% during the year ended 31 March 2017 from £848,870 to £955,868 which was almost all due to an increase in membership numbers and type recorded during the year ended 31 March 2017 compared to the year ended 31 March 2016.

Furthermore, during the year ended 31 March 2017, training and consultancy income and publications income have continued to represent significant sources of income for the NGA.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

FUTURE PLANS

The 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 2020 the NGA will work towards the following.

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

To achieve this, during the year ended 31 March 2018 we need to focus on the following.

- o Extend our training and development offer available to governing boards who are currently not availing themselves of high quality training, in particular by the development and delivery of high quality e-learning.
- o The possibility of investing in a new or substantially improved website.
- o Continue to improve the extent and scope of our guidance centre while ensuring the quality of all of our services.
- o Continue to raise our profile across the education sector, including with senior leaders.
- o Ensure all of our services are relevant to all types of schools, including multi academy trusts.
- o Engage in campaigns and projects which address the priorities of our members.

Although we are increasing our training and consultancy offer, serving the members of the NGA will remain at the heart of our work.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The NGA is a company limited by guarantee (registered number 03549029) which was incorporated on 20 April 1998 and which achieved charitable status on 1 July 1998 (registered number 1070331).

The NGA was established under a Memorandum of Association which established the objects and powers of the Association and is governed under its Articles of Association.

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

The name of the Association was changed to the National Governance Association in 2017 after a resolution of members at the AGM in November 2016. The name change was made to acknowledge both that some involved in governing state schools are trustees and that clerks can also be members of the NGA.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 but only one nomination was received from each region (North East, East Midlands and West Midlands) and three directors were duly appointed from the AGM on 19 November 2016,

The current Board will continue in office until the next Annual General Meeting of the NGA to be held on 18 November 2017.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the NGA are set out in the notes to the financial statements.

Organisational structure

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

The Directors meet 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 18 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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 now forms the basis of the exception reporting by the Chief Executive to each meeting of the Board. The annual budget, first considered before the start of each financial year, is agreed by the Board at its April meeting and is monitored through quarterly reports to trustees. Internal risks are minimised by sound financial procedures.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

03549029 (England and Wales)

Registered Charity number

1070331

Registered office

4th Floor
36 Great Charles Street
Birmingham
West Midlands
B3 3JY

Trustees

Gordon McDonald Anderson	- Appointed 19 November 2016
Margaret Bull	
Ian Courtney	
Doreen Dankyi-Killick	- Resigned 26 September 2016
Nigel Brent Fitzpatrick	
David Harries	
Peter Duncan Haworth	
Siddique Hussain	- Resigned 19 November 2016
Nicolette Joan Lamont	
Frederick Manning	- Resigned 19 November 2016
Katie Paxton-Doggett	- Appointed 18 April 2016
Ian Preston	- Appointed 19 November 2016
Mark White	- Appointed 19 November 2016

Company secretary

Gillian Allcroft

Chief executive

Emma Knights

Senior statutory auditor

Peter Smith ACA

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

REFERENCE AND ADMINISTRATIVE DETAILS

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

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of NGA 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

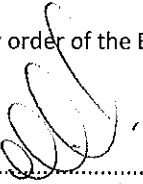
AUDITORS

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

NATIONAL GOVERNANCE ASSOCIATION (REGISTERED NUMBER: 03549029)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

Approved by order of the Board of Trustees on 13.7.2017 and signed on its behalf by:



.....
Ian Courtney - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NATIONAL GOVERNANCE ASSOCIATION (REGISTERED NUMBER: 03549029)**

We have audited the financial statements of NGA for the year ended 31 March 2017 on pages twelve to twenty six. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 2017 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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 GOVERNANCE ASSOCIATION (REGISTERED NUMBER: 03549029)

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

Date: 13 July 2017

NATIONAL GOVERNANCE ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017

	Note	Unrestricted fund £	Restricted fund £	2017 Total funds £	2016 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
Income from charitable activities	4	1,680,167	-	1,680,167	1,118,301
Other trading activities	2	12,939	-	12,939	24,023
Investment income	3	<u>2,012</u>	<u>-</u>	<u>2,012</u>	<u>1,094</u>
Total		1,695,118	-	1,695,118	1,143,418
EXPENDITURE ON					
Charitable activities					
Charitable activities	5	1,164,687	-	1,164,687	707,080
Support costs		<u>543,541</u>	<u>-</u>	<u>543,541</u>	<u>458,487</u>
Total		1,708,228	-	1,708,228	1,165,567
NET INCOME/(EXPENDITURE)		(13,110)	-	(13,110)	(22,149)
RECONCILIATION OF FUNDS					
Total funds brought forward		217,208	-	217,208	239,357
TOTAL FUNDS CARRIED FORWARD		<u>204,098</u>	<u>-</u>	<u>204,098</u>	<u>217,208</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements


NATIONAL GOVERNANCE ASSOCIATION (REGISTERED NUMBER: 03549029)

BALANCE SHEET
AT 31 MARCH 2017

	Note	Unrestricted fund £	Restricted fund £	2017 Total funds £	2016 Total funds £
FIXED ASSETS					
Tangible assets	13	270	-	270	270
CURRENT ASSETS					
Stocks		7,184	-	7,184	5,842
Debtors	14	89,160	-	89,160	110,436
Cash at bank		<u>355,555</u>	-	<u>355,555</u>	<u>323,406</u>
		451,899	-	451,899	439,684
CREDITORS					
Amounts falling due within one year	15	(248,071)	-	(248,071)	(222,746)
NET CURRENT ASSETS					
		<u>203,828</u>	-	<u>203,828</u>	<u>216,938</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>204,098</u>	-	<u>204,098</u>	<u>217,208</u>
NET ASSETS					
		<u>204,098</u>	-	<u>204,098</u>	<u>217,208</u>
FUNDS					
Unrestricted funds	17			<u>204,098</u>	<u>217,208</u>
TOTAL FUNDS					
				<u>204,098</u>	<u>217,208</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.

The financial statements were approved by the Board of Trustees on 13.7.2017 and were signed on its behalf by:


Peter Duncan Haworth - Trustee

The notes form part of these financial statements

NATIONAL GOVERNANCE ASSOCIATION

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>30,137</u>	<u>18,334</u>
Net cash provided by (used in) operating activities		<u>30,137</u>	<u>18,334</u>
Cash flows from investing activities:			
Interest received		<u>2,012</u>	<u>1,094</u>
Net cash provided by (used in) investing activities		<u>2,012</u>	<u>1,094</u>
Change in cash and cash equivalents in the reporting period		<u>32,149</u>	<u>19,428</u>
Cash and cash equivalents at the beginning of the reporting period		<u>323,406</u>	<u>303,978</u>
Cash and cash equivalents at the end of the reporting period		<u>355,555</u>	<u>323,406</u>

The notes form part of these financial statements

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(13,110)	(22,149)
Adjustments for:		
Depreciation charges	-	3,344
Interest received	(2,012)	(1,094)
Increase in stocks	(1,342)	(1,591)
Decrease/(increase) in debtors	21,276	(30,329)
Increase in creditors	<u>25,325</u>	<u>70,153</u>
Net cash provided by (used in) operating activities	<u>30,137</u>	<u>18,334</u>

1. ACCOUNTING POLICIES

GENERAL INFORMATION AND BASIS OF PREPARING THE FINANCIAL STATEMENTS

General information

The NGA is a charity incorporated in England and Wales. The address of the NGA's registered office is 4th Floor, 36 Great Charles Street, Birmingham, West Midlands, B3 3JY.

Accounting convention

The financial statements of the NGA, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) "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 United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2015)", Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared using the historic cost convention and are presented in sterling which is the functional currency of the NGA, rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

These financial statements are the first financial statements of the NGA prepared in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The date of transition to FRS 102 was 1 April 2016. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

COMPANY STATUS

The NGA is a company limited by guarantee. The members of the NGA are the trustees named in the Report of the Trustees. In the event of the NGA being wound up the liability in respect of the guarantee is limited to £1 per member of the Association.

GOING CONCERN

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The expected level of income and expenditure is sufficient with the level of reserves for the NGA to be able to continue as a going concern.

1. ACCOUNTING POLICIES - continued

INCOME

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

Income from trading activities includes income earned from activities to raise funds for the NGA. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income is earned through holding assets such as cash on deposit. It includes interest receivable. Interest income is recognised using the effective interest rate method and is recognised as the NGA's right to receive payment is established.

EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

It is categorised under the following headings.

- o Expenditure on charitable activities.
- o Other expenditure representing those items not falling into the above categories.

Support costs are those that assist with the work of the Society but do not directly represent charitable activities and include office costs, governance costs and other administrative costs.

TANGIBLE FIXED ASSETS

Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life as follows.

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

STOCKS

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

TAXATION

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks.

OPERATING LEASES

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1. ACCOUNTING POLICIES - continued

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 NGA in independently administered funds.

EMPLOYEE BENEFITS

When employees have rendered service to the NGA, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Termination benefits are recognised immediately as an expense when the NGA is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

The NGA has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial statements.

Financial instruments are recognised in the NGA's balance sheet when the Association becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income and expenditure account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income and expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

1. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the NGA transfers the financial asset and substantially all of the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the NGA after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income and expenditure account in finance costs or finance income as appropriate unless hedge accounting is applied and the hedge is a cash flow hedge.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Derecognition of financial liabilities

Financial liabilities are derecognised when the NGA's contractual obligations expire or are discharged or cancelled.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the NGA's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of the revision and future periods where the revision affects both current and future periods.

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

2. OTHER TRADING ACTIVITIES

	2017	2016
	£	£
Advertising and sponsorships	<u>12,939</u>	<u>24,023</u>

3. INVESTMENT INCOME

	2017	2016
	£	£
Bank interest receivable	<u>2,012</u>	<u>1,094</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	2017	2016
	Income from charitable activities	Total activities
	£	£
Membership fees	955,868	848,870
Project income	161,600	14,520
Training and consultancy income	473,285	171,313
Publications income	72,688	68,047
Miscellaneous income	<u>16,726</u>	<u>15,551</u>
	<u>1,680,167</u>	<u>1,118,301</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 6)	Support costs (See note 7)	Totals
	£	£	£
Charitable activities	1,164,687	-	1,164,687
Support costs	<u>-</u>	<u>543,541</u>	<u>543,541</u>
	<u>1,164,687</u>	<u>543,541</u>	<u>1,708,228</u>

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2017	2016
	£	£
Staff costs	537,113	391,764
Training and consultancy expenses	227,148	99,857
Project costs	125,351	17,852
Conferences and regional meeting expenses	91,030	68,380
Members' magazine expenses	141,547	82,384
Other publication costs	26,416	19,503
Representation expenses	13,260	13,615
Business development costs	2,822	13,725
	<u>1,164,687</u>	<u>707,080</u>

7. SUPPORT COSTS

	Other	Governance	Totals
	£	costs	£
	£	£	£
Support costs	<u>537,159</u>	<u>6,382</u>	<u>543,541</u>

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

Other

	2017	2016
	Support costs	Total activities
	£	£
Wages	233,036	156,461
Social security	21,820	13,923
Pensions	13,697	8,391
Office rent and services	53,619	66,519
Marketing and publicity	20,384	15,729
Insurance	5,275	3,116
Professional development	5,617	10,450
Office expenses	107,076	95,273
IT equipment and expenses	24,896	27,327
Trustees' expenses	4,912	4,739
Bank charges	6,491	5,776
Office improvements	35,490	1,822
Irrecoverable VAT	4,846	40,629
Depreciation of tangible fixed assets	-	3,343
	<u>537,159</u>	<u>453,498</u>

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

7. SUPPORT COSTS - continued

Governance costs

	2017	2016
	Support costs	Total activities
	£	£
Auditors' remuneration	4,282	2,889
Professional fees	<u>2,100</u>	<u>2,100</u>
	<u>6,382</u>	<u>4,989</u>

8. NET INCOME/(EXPENDITURE)

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

	2017	2016
	£	£
Auditors' remuneration	4,282	2,889
Depreciation - owned assets	<u>-</u>	<u>3,344</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2017 nor for the year ended 31 March 2016.

TRUSTEES' EXPENSES

During the year ended 31 March 2017 9 trustees (2016 - 16) were reimbursed a total of £4,912 (2016 - £4,739) for expenses incurred such as travel, subsistence and telephone whilst performing duties on behalf of the NGA.

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

10. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	696,071	498,058
Social security costs	68,268	47,766
Other pension costs	<u>41,327</u>	<u>24,715</u>
	<u>805,666</u>	<u>570,539</u>

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

	2017	2016
Management and administration	<u>25</u>	<u>19</u>

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

	2017	2016
£60,001 - £70,000	<u>1</u>	<u>1</u>

	2017	2016
	£	£
High paid staff pension contributions to money purchase schemes	<u>3,773</u>	<u>3,773</u>

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

	2017	2016
Money purchase schemes	<u>1</u>	<u>1</u>

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

All of the NGA's funds were unrestricted during the year ended 31 March 2016.

12. PENSION COMMITMENTS

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

Total contributions for the year ended 31 March 2017 amounted to £41,327 (2016 - £24,715) and outstanding contributions as at 31 March 2017 amounted to £16,718 (2016 - £3,878).

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2016 and 31 March 2017	<u>3,158</u>	<u>25,042</u>	<u>28,200</u>
DEPRECIATION			
At 1 April 2016 and 31 March 2017	<u>3,158</u>	<u>24,772</u>	<u>27,930</u>
NET BOOK VALUE			
At 31 March 2017	<u>-</u>	<u>270</u>	<u>270</u>
At 31 March 2016	<u>-</u>	<u>270</u>	<u>270</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	89,160	97,036
Other debtors	-	13,400
	<u>89,160</u>	<u>110,436</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	81,638	35,238
Social security and other taxes	38,559	170,552
Other creditors	17,011	9,367
Deferred income	107,863	4,989
Accrued expenses	<u>3,000</u>	<u>2,600</u>
	<u>248,071</u>	<u>222,746</u>

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

16. OPERATING LEASE COMMITMENTS

At 31 March 2017 the Society had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows.

	2017 £	2016 £
Within one year	54,938	36,621
Between two and five years	80,676	36,342
In more than five years	-	-
	<u>135,614</u>	<u>72,963</u>

17. MOVEMENT IN FUNDS

	At 1.4.16 £	Net movement in funds £	At 31.3.17 £
Unrestricted funds			
General fund	217,208	(13,110)	204,098
	<u>217,208</u>	<u>(13,110)</u>	<u>204,098</u>
TOTAL FUNDS			

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,695,118	(1,708,228)	(13,110)
	<u>1,695,118</u>	<u>(1,708,228)</u>	<u>(13,110)</u>
TOTAL FUNDS			

Purpose of unrestricted funds

General fund.

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

18. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2017.

19. ULTIMATE CONTROLLING PARTY

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