

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

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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

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FOR THE YEAR ENDED 31 MARCH 2018**

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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

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 2018. 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 educational well-being of children and young people by promoting high standards in England's state funded schools and by improving the effectiveness of their governing boards.

This is done by:

- Influencing and shaping the practice and culture of school governance and relevant policy in a way which strengthens accountability in order to improve the education of pupils
- Continuing to be the leading independent source of information, support and e-learning for all those involved in school governance
- Ensuring the voices of those involved in school governance are heard
- Being a trusted partner of school improvement organisations, school leadership organisations and local and regional governance support and training organisations
- 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

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 Boards (normally covering a local authority area but independent of the local authority), to individual governors, trustees, clerks, to multi academy trusts and public authorities and to companies who have an interest in school governance.

At NGA we value: the voices of all, evidence, expertise, and our independence.

As well as embracing the Nolan Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; leadership), we aim to be courageous, creative, visionary and light on our feet. We champion fairness and opportunity for all young people.

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.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

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 2017 showed continued high satisfaction with both membership services and the priced publications, "Welcome to Governance", "The Chair's Handbook" and "Welcome to a Multi-Academy Trust". "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 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 2017 in London and November 2017 in Birmingham - both were full to capacity. Regional meetings were held for members in autumn 2017 and spring 2018. In addition, we held five free regional conferences – Somerset, London, Birmingham, Manchester in October 2017 and Bradford in March 2017. We postponed our conference in the East of England due to heavy snow and have rescheduled it for autumn 2018. In addition, we held a national Clerks Conference in February 2017 and several Community MATs event. We also continue to provide speakers for many national and local events on school governance. Our annual survey with TES was completed by over 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. 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 Schools Teachers Review Board.

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 continue with Education & Employers to deliver the DfE funded Inspiring Governance programme providing support for new volunteers and are running a pilot to recruit future chairs. In addition the NGA has undertaken many research projects this year including the Headteachers Performance Appraisal as well as jointly publishing "Being Strategic: A guide for Governing Boards" with the Wellcome Trust. The NGA also held our bi-annual Outstanding Governance Awards at Westminster in the autumn of 2017, recognising outstanding governance across England.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

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. We continued to deliver the Leading Governance programme as an NCTL licensee. This programme and funding came to an end this year, with the DfE launching a new round of funding for Governance Development Programmes for chairs, boards and clerks. We were successful in winning these bids and began initial set up and development of the new Leading Governance programme with 30 local partners once the contract was signed in February 2018.

In April 2017 we launched our new e-learning platform for Governors called Learning Link, migrating all of the previous GEL users across on to the new platform for which we developed eight new interactive induction modules which have been widely praised.

Due to increasing membership numbers and the success of the DfE Governance Development Programme bids, we were able to further increase our staff team - adding a Training Services Manager, Learning Link Manager, a Web and Marketing Officer, and two training administrators. We also split the Office Manager's role into two with an Office Manager and an Events Co-ordinator. In addition, a Chairs Development Manager was employed as part of the Inspiring Governance programmes to deliver the Future Chairs pilot.

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 should like to take this opportunity to thank those partners who promoted NGA membership and services alongside their own services during the year. NGA values these partnerships and is looking forward to continuing to work closely with our partners in the coming year.

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.

Reserves policy

The National Governance 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. However, the NGA is also wishing to purchase a new CRM and website and will look at ways to invest in these systems this year.

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 NGA on an annual basis.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

FINANCIAL REVIEW

Financial review

The Statement of Financial Activities for the year ended 31 March 2018 shows total incoming resources of £2,082,190 (2017 - £1,740,330) and total resources expended of £2,014,777 (2017 - £1,753,440), generating net incoming resources of £67,413 (2017- net resources expended of £13,110).

Membership subscriptions, our principal source of income, increased by some 7% during the year ended 31 March 2018 from £955,868 to £1,021,219. The increase was due to a combination of an increase in membership numbers and type recorded during the year ended 31 March 2018 as well as an increase in the price of both individual and standard membership.

Furthermore, during the year ended 31 March 2018, training and consultancy income has continued to grow and represents a significant source of income for the NGA and has allowed the NGA to develop and deliver its own e-learning service for governors.

Our current fees are considerably more affordable for schools than other national providers - this is important to us.

FUTURE PLANS

The NGA's top priority over the coming two years is to consolidate our offer, ensuring its continued high quality. We have grown considerably over the past two years, in all aspects of our work, but particularly by offering the Department for Education's Governance Development programmes (under the NGA's Leading Governance partnership) and by developing e-learning, NGA's Learning Link. While we wish to reach governing boards that are not currently engaged with our work in order to improve governance, this must be achieved in a way which is sustainable for the NGA as well as value for money for all types of schools and which does not detract from the services delivered to existing members.

To achieve our objectives, in 2018/19 and 2019/20 we need to prioritise:

- extending the reach of Learning Link which has the potential to improve the knowledge and practice of governing boards in a way which is accessible to schools across the country without over-stretching NGA staff resources;
- obtaining the investment to improve our technology for our users;
- as well as continuing to engage in focussed campaigns and projects which address the priorities of our members;
- promote our position statements and good practice through all our communication channels and services;
- embed the range of our income streams, always seeking to improve our services;
- enhance the skills and knowledge of our workforce, better developing succession planning.

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The National Governance Association (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 NGA 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.

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.

The current Board will continue in office until the next Annual General Meeting of the NGA to be held in November 2018.

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 the NGA and its Chief Executive or the Company Secretary. During this 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.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 17 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.

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 strategic plan 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
Margaret Bull
Ian Courtney MBE
Nigel Brent Fitzpatrick MBE
David Harries
Peter Duncan Haworth MBE
Nicolette Joan Lamont
Katie Paxton-Doggett
Ian Preston
Mark White OBE DL

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

Company secretary

Gillian Allcroft

Chief executive

Emma Knights OBE

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of National Governance 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), 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.

Approved by order of the Board of Trustees on 18 July 2018 and signed on its behalf by:


.....
Margaret Bul - Trustee

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

Opinion

We have audited the financial statements of National Governance Association (the 'charitable company') for the year ended 31 March 2018 on pages eleven to twenty four. 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.

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 2018 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

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: 18 July 2018

NATIONAL GOVERNANCE ASSOCIATION

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted fund £	Restricted fund £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
Income from charitable activities	4	2,019,720	-	2,019,720	1,680,167
Other trading activities	2	62,215	-	62,215	58,151
Investment income	3	255	-	255	2,012
Total		2,082,190	-	2,082,190	1,740,330
EXPENDITURE ON					
Charitable activities					
Charitable activities	5	2,014,777	-	2,014,777	1,753,440
NET INCOME/(EXPENDITURE)		67,413	-	67,413	(13,110)
RECONCILIATION OF FUNDS					
Total funds brought forward		204,098	-	204,098	217,208
TOTAL FUNDS CARRIED FORWARD		271,511	-	271,511	204,098

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

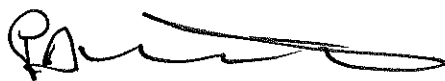
NATIONAL GOVERNANCE ASSOCIATION (REGISTERED NUMBER: 03549029)

BALANCE SHEET
AT 31 MARCH 2018

	Note	Unrestricted fund £	Restricted fund £	2018 Total funds £	2017 Total funds £
FIXED ASSETS					
Tangible assets	12	-	-	-	270
CURRENT ASSETS					
Stocks	13	16,259	-	16,259	7,184
Debtors	14	209,235	-	209,235	89,160
Cash at bank		<u>221,244</u>	-	<u>221,244</u>	<u>355,555</u>
		446,738	-	446,738	451,899
CREDITORS					
Amounts falling due within one year	15	<u>(175,227)</u>	-	<u>(175,227)</u>	<u>(248,071)</u>
NET CURRENT ASSETS		<u>271,511</u>	-	<u>271,511</u>	<u>203,828</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>271,511</u>	-	<u>271,511</u>	<u>204,098</u>
NET ASSETS		<u>271,511</u>	-	<u>271,511</u>	<u>204,098</u>
FUNDS					
Unrestricted funds	16			<u>271,511</u>	<u>204,098</u>
TOTAL FUNDS				<u>271,511</u>	<u>204,098</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 18 July 2018 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 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>(134,566)</u>	<u>30,137</u>
Net cash provided by (used in) operating activities		<u>(134,566)</u>	<u>30,137</u>
Cash flows from investing activities:			
Interest received		<u>255</u>	<u>2,012</u>
Net cash provided by (used in) investing activities		<u>255</u>	<u>2,012</u>
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(134,311)	32,149
Cash and cash equivalents at the beginning of the reporting period		<u>355,555</u>	<u>323,406</u>
Cash and cash equivalents at the end of the reporting period		<u><u>221,244</u></u>	<u><u>355,555</u></u>

The notes form part of these financial statements

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

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

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	67,413	(13,110)
Adjustments for:		
Loss on disposal of fixed assets	270	-
Interest received	(255)	(2,012)
Increase in stocks	(9,075)	(1,342)
(Increase)/decrease in debtors	(120,075)	21,276
(Decrease)/increase in creditors	<u>(72,844)</u>	<u>25,325</u>
Net cash provided by (used in) operating activities	<u>(134,566)</u>	<u>30,137</u>

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

GENERAL INFORMATION AND BASIS OF PREPARING THE FINANCIAL STATEMENTS

General information

The National Governance Association (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.

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 NGA.

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.

NATIONAL GOVERNANCE ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018**

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 NGA 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.

NATIONAL GOVERNANCE ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018**

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 NGA 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 2018

2. OTHER TRADING ACTIVITIES

	2018	2017
	£	£
Advertising and sponsorships	<u>62,215</u>	<u>58,151</u>

3. INVESTMENT INCOME

	2018	2017
	£	£
Bank interest receivable	<u>255</u>	<u>2,012</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	2018	2017
	Income from charitable activities	Total activities
	£	£
Membership fees	1,021,219	955,868
Project income	201,199	161,600
Training and consultancy income	729,095	473,285
Publications income	57,757	72,688
Miscellaneous income	<u>10,450</u>	<u>16,726</u>
	<u>2,019,720</u>	<u>1,680,167</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 6)	Support costs (See note 7)	Totals
	£	£	£
Charitable activities	<u>1,307,686</u>	<u>707,091</u>	<u>2,014,777</u>

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2018	2017
	£	£
Staff costs	664,477	537,113
Training and consultancy expenses	283,567	227,148
Project costs	32,405	125,351
Conferences and regional meeting expenses	91,184	91,030
Members' magazine expenses	193,903	186,759
Other publication costs	24,837	26,416
Representation expenses	16,196	13,260
Business development costs	<u>1,117</u>	<u>2,822</u>
	<u>1,307,686</u>	<u>1,209,899</u>

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

7. SUPPORT COSTS

	Other £	Governance costs £	Totals £
Charitable activities	<u>698,880</u>	<u>8,211</u>	<u>707,091</u>

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

Other	2018	2017
	Charitable activities £	Total activities £
Wages	293,322	233,036
Social security	27,488	21,820
Pensions	16,786	13,697
Office rent and services	83,594	53,619
Marketing and publicity	24,693	20,384
Insurance	2,408	5,275
Professional development	15,383	5,617
Office expenses	149,848	107,076
IT equipment and expenses	48,923	24,896
Trustees' expenses	6,923	4,912
Bank charges	6,443	6,491
Office improvements	15,876	35,490
Irrecoverable VAT	6,923	4,846
Loss on disposal of tangible fixed assets	<u>270</u>	<u>-</u>
	<u>698,880</u>	<u>537,159</u>
Governance costs		
	2018	2017
	Charitable activities £	Total activities £
Auditors' remuneration	5,121	4,282
Professional fees	<u>3,090</u>	<u>2,100</u>
	<u>8,211</u>	<u>6,382</u>

NET INCOME/(EXPENDITURE)

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

	2018	2017
	£	£
Auditors' remuneration	5,121	4,282
Deficit on disposal of fixed assets	<u>270</u>	<u>-</u>

NATIONAL GOVERNANCE ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018**

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2018 nor for the year ended 31 March 2017.

TRUSTEES' EXPENSES

During the year ended 31 March 2018 9 trustees (2017 - 9) were reimbursed a total of £10,229 (2017 - £8,202) for expenses incurred such as travel, subsistence and telephone whilst performing duties on behalf of the NGA.

10. STAFF COSTS

	2018	2017
	£	£
Wages and salaries	866,902	696,071
Social security costs	85,431	68,268
Other pension costs	<u>49,740</u>	<u>41,327</u>
	<u><u>1,002,073</u></u>	<u><u>805,666</u></u>

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

	2018	2017
Management and administration	<u>30</u>	<u>25</u>

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

	2018	2017
£60,001 - £70,000	<u>1</u>	<u>1</u>

	2018	2017
	£	£
High paid staff pension contributions to money purchase schemes	<u>3,903</u>	<u>3,773</u>

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

	2018	2017
Money purchase schemes	<u>1</u>	<u>1</u>

11. 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 Association in independently administered funds.

Total contributions for the year ended 31 March 2018 amounted to £49,740 (2017 - £41,327) and outstanding contributions as at 31 March 2018 amounted to £8,107 (2017 - £16,718).

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2017 and 31 March 2018	3,158	25,042	28,200
Disposals	<u>-</u>	<u>(25,042)</u>	<u>(25,042)</u>
At 1 April 2017 and 31 March 2018	<u>3,158</u>	<u>-</u>	<u>3,158</u>
DEPRECIATION			
At 1 April 2017	3,158	24,772	27,930
Eliminated on disposal	<u>-</u>	<u>(24,772)</u>	<u>(24,772)</u>
Eliminated on disposal	<u>3,158</u>	<u>-</u>	<u>3,158</u>
NET BOOK VALUE			
At 31 March 2018	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2017	<u>-</u>	<u>270</u>	<u>270</u>

13. STOCKS

	2018 £	2017 £
Finished goods	<u>16,259</u>	<u>7,184</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	188,480	89,160
Other debtors	19,371	-
Prepayments	<u>1,384</u>	<u>-</u>
	<u>209,235</u>	<u>89,160</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	99,950	81,638
Social security and other taxes	41,049	38,559
Other creditors	8,400	17,011
Deferred income	21,328	107,863
Accrued expenses	<u>4,500</u>	<u>3,000</u>
	<u>175,227</u>	<u>248,071</u>

NATIONAL GOVERNANCE ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

16. MOVEMENT IN FUNDS

	At 1.4.17 £	Net movement in funds £	At 31.3.18 £
Unrestricted funds			
General fund	204,098	67,413	271,511
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>204,098</u>	<u>67,413</u>	<u>271,511</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,082,190	(2,014,777)	67,413
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>2,082,190</u>	<u>(2,014,777)</u>	<u>67,413</u>

Purpose of unrestricted funds

General fund.

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

17. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2018.

18. OPERATING LEASE COMMITMENTS

At 31 March 2018 the NGA had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows.

	2018 £	2017 £
Within one year	54,398	54,938
Between two and five years	25,738	80,676
In more than five years	<hr/>	<hr/>
	<u>80,676</u>	<u>135,614</u>

19. ULTIMATE CONTROLLING PARTY

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