

New  
**Philanthropy**  
Capital

# Doing good, **better**

Report and Financial Statements for the year ended 30 June 2011





Corporate Responsibility & Ethics

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Corporate Responsibility & Ethics

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## A message from the Chair of Trustees

The year in review has been a good one for NPC, and one which culminated in a number of changes.

First, in order to increase our impact and improve our ability to serve the sector, we completed a re-organisation that combined the research team and the consulting team into a more coherent unit. Second, we sharply increased our earned revenues while keeping a tight rein on costs—an encouraging financial performance in a very tough environment. This represents a significant step towards our ultimate goal of financial sustainability. Third, we appointed Dan Corry as our new chief executive, following the departure of Martin Brookes shortly after the end of our financial year.

Martin made many critical contributions to NPC over the years. In the first phase, he built up our research capacity to enable us to deliver something that was both valuable and brand new to the sector, and he established our reputation for work of the highest professional quality. Later, when he became chief executive, Martin focused on driving NPC towards sustainability. He found ways to take the intellectual capital of the organisation and deliver it where it would have most impact, while at the same time generating the income needed to sustain our activities. Most importantly, Martin became a key voice in the sector, leveraging the work we do into the public arena with commitment and insight that were widely appreciated. We wish Martin the very best in the next stage of his career.

We are extremely pleased that Dan has joined us to lead the organisation. He has an outstanding track record at the highest levels of national government, has run a think tank and is an experienced consultant—all elements that prepare him very well to lead NPC in the next stage of its development. As anyone who has already had the chance to meet Dan will have discovered, he combines a conviction about the importance of NPC's mission and an appreciation of what has already been built, with a fresh, personal approach.

Since our last report, two new trustees have joined our board. We are very pleased to welcome Fraser Hardie, who founded and runs the leading communications agency Blue Rubicon, and Baroness Stedman-Scott, who will be known to many readers because of her role as the head of Tomorrow's People, a national charity that works hard to help the most marginalised adults and young people into employment. We also said goodbye to Jon Aisbitt, who stepped down after six years of committed service. During his stint on the board, Jon guided us towards the highest standards of governance and disclosure. We will miss him.

On behalf of all the trustees, I would like to thank our management team and staff for their continued commitment, energy and, most of all, for their engagement with the organisations we work with. NPC is a small organisation and everything we do depends on us communicating effectively with the charities that directly help those most in need in our society, and with those that fund and support them.

This report describes in some detail what we do, why we do it, and who we work with. We hope it will give you insight into the ways we can serve you, and thus those you serve, even better in the years ahead.



**Peter Wheeler**

## A message from the Chief Executive

This is a year of change for NPC. Change in the management as I replaced Martin Brookes, one of the key people that made NPC tick. And a strong refresh of the trustees, bringing a great deal of new talent on board.

There are pros and cons of having a new chief executive. I face a steep learning curve, but I hope that I bring a fresh perspective to many of the issues that affect the charitable sector, and I bring wide experience having worked a great deal in government, and run a local government think tank.

Crucial to our vision is to create a synergy between the work we do as consultants for charities and funders, and the work we do to bring new ideas into the sector through our research and think tank activities.

NPC is all about trying to make sure that every pound that flows into the charity system is used as effectively as possible. That means thinking about what a charity or a grant-making trust is doing, knowing what outcomes it wants to achieve, and understanding how they are met—a ‘theory of change’.

For some, this approach is second nature: many organisations want to know what they are achieving because they know it will help them improve. For others, the impact agenda seems like bureaucratic and costly time-wasting that queries their very purpose and intent. My experience so far is that most organisations see it as something they need to do, and they need help and support to get there.

At times, NPC will have to plough a lonely furrow—a voice perhaps ahead of its time and not always loved by all. We increasingly want to work with like-minded organisations, including the government, to promote this important agenda. Exciting projects we are involved in include exploring shared impact measurement with the Office for Civil Society, developing an impact framework with Mind, and working with the Association of Charitable Foundations on a knowledge-sharing website. We also want to use what we learn from working with charities and funders to inform our policy and think tank activities.

To do all this, we have to have outstanding staff. I have worked with many very talented people over the years, but the dedication, belief and skills of the team at NPC take a lot of beating. That stands us in very good stead for the future.

The environment of course is not easy. Getting charities to think about effectiveness when they are more focused on survival is no picnic. Working with foundations or other funders to help them focus on what works while they feel strong pressure simply to fill in gaps created by the spending cuts is another challenge. And it has become difficult to find funding for the work we want and must do—work that takes us outside consultancy and into research and think tank work.

NPC is primarily here to create an impact ourselves, so we will not give up on saying what needs to be said as well as adding value to many charities. Our goal is to shift the default options for charities and their funders, to look at effectiveness in all its different varieties, and to be a strong, evidence-based and independent voice in many of the key debates about the type of society we live in. This is an exciting and important goal, and we look forward to working with you to achieve it.



**Dan Corry**

# REPORT OF THE BOARD OF TRUSTEES

## About New Philanthropy Capital (NPC)

NPC is a charity think tank and consultancy dedicated to helping charities and funders achieve a greater impact.

### Our vision

Our vision is of a world in which charities and their funders are as effective as possible in changing people's lives and tackling social problems. In this world, charities and funders use evidence to plan what they do, assess the results of their work, adjust their approach accordingly, communicate their results transparently, and attract support based on their impact.

### Why are we here?

Our mission is to put effectiveness at the heart of how charities work and how funders give, so that more lives can be changed for the better.

Charities and their funders are driven by the desire to improve people's lives. But they face barriers to being effective, both within their organisations and in their external environment. A small charity, for example, might be missing out because it does not have access to the knowledge and experience of its larger peers. A grant-making foundation might not have enough information to work out whether its programmes are responding to needs in the most coherent and effective way. A charity delivering public services might have its activities cut back without due regard to their impact, and an innovative social enterprise might be struggling to access the finance it needs to scale up.

NPC exists to help charities and funders overcome these barriers, enabling them to achieve their potential and improve lives.

### What do we do?

NPC works as a think tank and consultancy to identify, understand, communicate and overcome the barriers that charities and funders face to being effective.

Effectiveness and impact are partly a result of the actual workings of a charity, but they also involve many other factors, such as the way the charity uses its workforce, the approach it takes to collaboration, the kind of contracts it signs, its relationships with grant-givers, and the way it uses social investment and other financial tools. We therefore work in a variety of ways.

As a think tank, we work out what the barriers to effectiveness are, develop and explore ideas to overcome them, and share our thinking as widely as possible. Sometimes this means generating debate or challenging current practice, for example, by suggesting that all charities should measure their impact in order to manage and improve their results, rather than to appeal to potential funders. At other times, we explore solutions and innovate, for example, by developing our Well-being Measure for 11 to 16 year olds.

As a consultancy, we work with charities, foundations, businesses, government and individuals to help them overcome the barriers they face. For example, we have analysed children's needs across the UK for a leading grant-making foundation, helped a new family foundation to develop a funding strategy, and developed an outcomes measurement framework for a national mental health charity.

Our think tank and consultancy work are inseparable, with closely interwoven strands of strategy and implementation, theory and practice. When they come together, we can achieve the greatest progress towards our vision.

## What do we want to achieve?

At NPC, we are committed to helping charities and funders improve the effectiveness and impact of the money that is spent in the sector. Our long-term goal is to increase the proportion of the charity sector's spending on effective programmes. We are still in the process of defining how best to capture that goal in measurable objectives, as well as developing and refining the theory of change that outlines how we plan to achieve it. For now, we can isolate a number of key aspects:

- We will share evidence-based frameworks that help charities and funders understand what they could do to become more effective.
- We will build an evidence base to establish the state of impact measurement across the charity sector.
- We will identify and understand the barriers to charities and funders becoming more effective, and ways of overcoming them.
- We will capture evidence of the benefits of improving impact measurement, to make a stronger case for charities and funders to invest in it.
- We will provide services, tools and guidance that help charities and funders overcome the barriers they face to creating greater impact.
- We will work with partners to influence policy, develop infrastructure and nurture an environment in the charity sector that encourages greater effectiveness.

We are working on our own theory of change, to show our path from needs to outputs to outcomes to impact. We will publish this in our next annual report.

### Delivering public benefit

In reviewing NPC's aims and planning future activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. Our aims show that NPC is committed to helping charities and funders to achieve a greater impact. Our beneficiaries are therefore anyone helped by charities and funders—that is, the public at large.

All of our activities contribute to our strategic aims and are for the benefit of the public. The sections setting out the three teams' activities describe the achievements and performance of each team, and illustrate how they benefit charities and funders. By helping charities and funders to achieve a greater impact, we ultimately help the people that these charities and funders serve.





## Changes, challenges and lessons

In 2010/2011, and since the year end, we have made a number of changes at NPC, responding to the changing landscape of the charity sector.

### A new research and consulting team

On 1 July 2011, we merged our research and consulting teams into one team. This was a response to the growth of our consulting work and the increasing overlap between the work of the two teams. Client projects require knowledge of the charity sector as well as consulting and project management skills, and think tank projects often build on knowledge from our client work and with a view to action, rather than simply producing research reports.

NPC's new research and consulting team operates as a single unit with three specialist areas: charity effectiveness, funder effectiveness, and measurement and evaluation. As a single unit it is better able to respond to the needs of the charity sector and to move seamlessly between think tank and consultancy work.

### The growth of measurement and evaluation

In the last year, we have seen rapid growth in demand for our measurement and evaluation services as charities face a more competitive funding environment, increasing demand for evidence of impact from funders, and a need to make strategic decisions about which activities to protect, develop or cut.

### The development of NPC's Well-being Measure

We are now offering a measurement tool, our Well-being Measure, to a mass market for the first time. This is an online system that allows charities to see the difference they are making in the lives of the young people they work with. The Well-being Measure is still in the early stages of being marketed to the charity sector, and the first indications from customers show that it is highly valued and gives them insight that they have never had before. Over the next year we will build the customer base, learn more about how customers use the system, and start to build a data-set around the impact of different charities' work on young people's well-being.

### The development of the Social Impact Analysts Association (SIAA)

In March 2011, NPC began incubating a new organisation, the Social Impact Analysts Association (SIAA), in partnership with the Bertelsmann Foundation in Germany and the Adessium Foundation in the Netherlands. This followed several years of extensive consultation, including market research in 2007 and a 'Valuing impact' conference in 2009. Throughout this consultation, respondents expressed enthusiasm for the idea.

SIAA is a new, international membership body, registered as an independent charity, designed to support the practice and profession of analysing not-for-profits. It will bring people together from around the world to exchange methodologies and best practice in this emerging field. NPC has helped to get SIAA off the ground through in-kind support.

## Challenges we face

### Being focused and flexible

With the growth of our consultancy has come the challenge of keeping to a plan and staying focused, while having the flexibility to meet demand. For example, in our 2010/2011 business plan, we said that we would not prioritise working with corporate clients, as we did not believe there would be enough demand or opportunities to create an impact. But our work with corporate clients has since thrived, so we have now developed new areas of work with this group, including publishing *Corporate giving: NPC's practical guide for corporate funders*.

One of our greatest challenges is therefore navigating changing patterns of demand and trying to keep our activities coherent in order to deliver against our mission.

## Building evidence of need and impact

Every charity should have evidence of the needs it is trying to address and evidence of the impact it is making. As a keen advocate of this view, NPC needs its own evidence base perhaps more than most. We have anecdotal evidence in abundance, and there is strong demand for our help, guidance and tools. Yet we have struggled to build a more robust evidence base.

In 2012, we will carry out a survey of impact measurement practices in the UK, with partners including NCVO and the Third Sector Research Centre. This will give us a solid picture of what charities are doing to measure their results, the challenges and costs they have to overcome, and their attitudes towards measuring impact. At the same time, we will continue to develop a framework for measuring our own impact, together with a theory of change, which will help us to understand how we are contributing to change in the bigger picture.

## Lessons we have learned

### The importance of collaborative working

In the past, we have sometimes been perceived to be (and have sometimes been) too keen to work alone on the issues we considered important. Perhaps we were too focused on retaining our independence. But the areas in which we hope to achieve change, from how charities report on their results to how funders assess organisations to fund, are too large and complex for any one organisation to have much impact.

Because of this, we are increasingly looking for partners and exploring collaborative approaches. For example:

- We have developed universal principles of good impact reporting with a group of seven other organisations (including Acevo and the Charity Finance Directors Group).
- We have established and supported the Philanthropy Advisers Steering Group.
- We are working with the Bertelsmann Foundation and the Adessium Foundation to launch the Social Impact Analysts Association (see page 7).
- We work with a number of partners through the Office for Civil Society strategic partner programme, currently focusing on shared impact measurement.
- We have brought together 30 leaders in the impact measurement sector to explore a programme of action to help embed an impact approach across the charity sector.

### The importance of managing a high quality consulting service

As our work with clients has developed, we have continually upgraded the way we manage our consulting services to ensure quality, efficiency and client satisfaction. As a social enterprise, the balance between managing the quality of what we deliver and managing the resources we spend delivering is a fine one to strike. As the workload and team have grown, so it has been increasingly important to manage our business development, forward planning, pricing, project management and product development. We have put in place systems and processes to do all of this much better than we could before. We have also developed a standard framework for surveying clients at the end of a project and some months later, in order to assess what impact our work has had.





## Research: Think tank

NPC's research team is where our think tank work primarily takes place, building public knowledge and leading debate about the effectiveness and performance of charities and funders. Because we use lessons from our consultancy work to inform our think tank activities, the ideas we pursue and promote are not just made up in ivory towers. They are based on experiences at the sharp end.

In 2010/2011, our think tank function has largely been seen in the think pieces we have published and the shared measurement work we have done with other charities and funders. Since the year end, this element of our work has continued to grow.

### NPC perspectives

In May 2010, we published our first *NPC perspectives* report: *Scaling up for the Big Society*. During 2010/2011, we then went on to publish seven more reports in the series:

- *Proving your worth to Whitehall*
- *Talking about results*
- *SROI for funders*
- *Preparing for cuts*
- *Talking to trustees*
- *Family philanthropy*
- *Ten ways to boost giving*

These publications are short, interesting and timely, building on our knowledge, capturing our expertise and sharing knowledge and opinion.

### Measuring together

Charities and funders often tell us that they struggle with outcomes measurement. Different organisations working on similar issues do not always track common outcomes, and measurement systems tend to be highly customised. This makes it time-consuming for funders and charities to highlight good practice or to find ways to improve.

In early 2011, we published the first two reports in our new *Measuring together* series. The first, *Improving prisoners' family ties*, describes a set of common outcomes that can be used by charities that provide services to families of prisoners. The second, *Impact measurement in the youth justice sector*, describes how measuring a common set of outcomes could work in the youth justice sector.

These reports and the idea of shared measurement that they promote have generated interest within the voluntary sector and in government. The Ministry of Justice is now commissioning research to apply the idea of a common outcomes framework to services that aim to reduce re-offending. The Office for Civil Society has commissioned NPC to explore the feasibility of shared outcome frameworks in three other parts of the voluntary sector: older people, young people not in education, employment, or training, and mental health and employment. While we still have a long way to go in developing sets of coherent and shared outcome measures that charities and the public sector can work to, these are important and encouraging steps.



## Helping funders to share knowledge

In March 2011, we published *Foundations for knowledge*, funded by the City Bridge Trust. The report analyses how charitable funders share knowledge, drawing on interviews with a range of foundations and a review of the literature. It explores current practice, where the gaps and challenges lie, and how funders can share knowledge to increase their impact.

*“ I find the website absolutely invaluable and I say this as someone who has never tweeted and who had not blogged before. It has proven the perfect portal to communicate with our peers. I cannot recommend the portal enough for sharing learning and information. ”*

**Lisa Suchet**, Chief Executive, The Nationwide Foundation

The report highlighted many innovative examples in the UK and abroad from which funders can learn and develop their practice. However, it also identified a key gap: there was no central resource where funders could go to learn from and share with other funders.

So in July 2011, with the support of eight funders,

NPC and the Association of Charitable Foundations (ACF) launched a simple pilot website, [www.fundernetwork.org.uk](http://www.fundernetwork.org.uk), to help funders share knowledge. It contains search tools, a Q&A space and a discussion forum.

By November 2011, more than 250 funders had signed up to the site. These members are regularly blogging about their work and asking and answering questions. At the time of writing, the site is being evaluated. Early indications suggest that funders value having a space where they can share information and learn from their peers.<sup>1</sup> As a result of the site, 88% of users reported that they ‘had a better understanding of what others were doing’, and 68% said that they ‘feel more knowledgeable about a subject’. Over 90% of respondents said that it was a good resource and that they want it to continue.

NPC, ACF and the City Bridge Trust are now exploring how the site may be developed.

*“ The knowledge-sharing website provides us with a new way to share thoughts and information quickly and effectively and to pool our collective knowledge. It is proving to be a powerful resource. ”*

**Carol Candler**, Director of Strategic Operations, Northern Rock Foundation

*“ The website is a really exciting development for trusts and foundations. We all desperately wanted to share our learning but we lacked a portal to enable this to happen. Well, now we have one! ”*

**Jenny Field**, Deputy Chief Grants Officer, City Bridge Trust

<sup>1</sup> *Trust and foundation news*, Issue 94: September 2011.

## Teenage kicks: The value of sport in tackling youth crime

In 2010, the Laureus Sport for Good Foundation asked NPC for help finding good evidence of the economic value of sports projects that tackle youth crime.

After researching the economic case for investing in sports-based interventions, we did a cost-benefit analysis of three projects: Kickz, The Boxing Academy and 2nd Chance. We gathered outcomes data and costs from each project, and interviewed project staff and young people who had been through the programmes.

We found that when sport is used as part of a wider programme of education and support, it can not only be highly effective at tackling youth crime, but can also save the taxpayer money. There was a positive return on investment for all three projects, and on average, sports-based initiatives tackling youth crime in the UK pay back an initial investment five times over.

The resulting report, *Teenage kicks*, attracted national press coverage, and the report launch was attended by a Home Office minister. Laureus is now using the report to make the case to the government and other funders for greater investment in sports-based projects to tackle youth crime.



Kickz

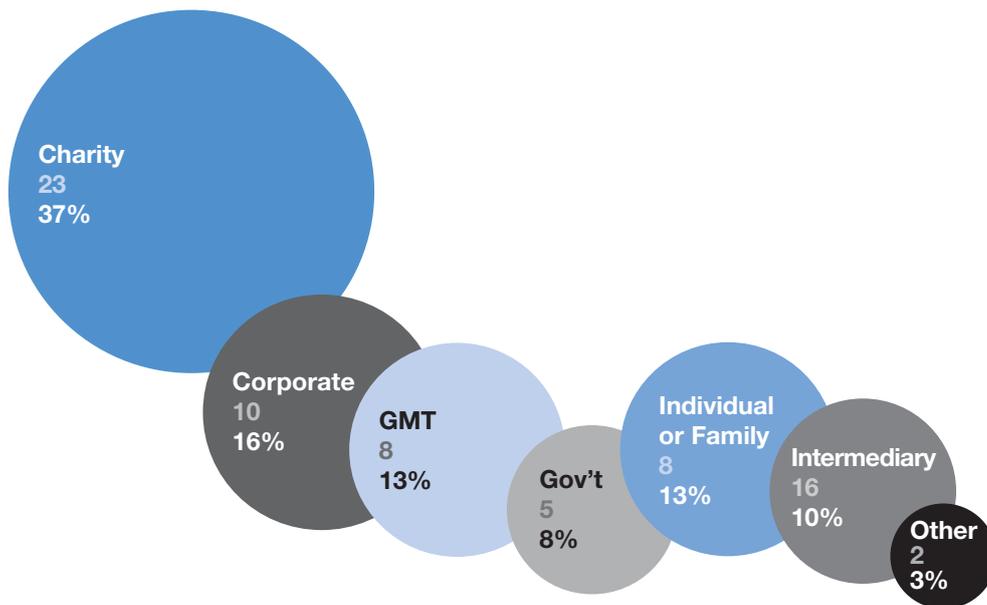




## Consulting

The consulting team provides bespoke work for clients to help them become more effective. We deliver services to five client groups: charities, grant-making trusts, philanthropists and their advisors, government and corporates.

### Projects by client type



### Examples of impact

#### Enabling high quality evaluations with Macmillan

NPC first analysed the cancer charity Macmillan in 2008. Two years later, Macmillan approached us to help its staff to commission four complex evaluations within a short timeframe, as part of a new impact programme.

Macmillan wanted to gather stronger evidence about the difference some of its services make, but needed some assistance to develop a clear description of what should be measured. We helped the charity's staff to develop theories of change, showing the path from needs to outputs to outcomes to impact. We also developed a list of potential indicators to measure each of the four different kinds of service that were to be evaluated.

Using the work that NPC had done, Macmillan's staff issued a high quality invitation to tender. They have already seen results from the work: *'We had good quality proposals back from the right sorts of organisations, we have commissioned the best organisation and the evaluation is under way. We wouldn't have got that if we hadn't gone through the process NPC took us through, and we weren't capable of doing that on our own within the timeframe required.'*

#### Helping BBC Children in Need to address unmet needs

NPC has been commissioned by BBC Children in Need twice to analyse the needs faced by children in the UK. In 2006, we developed a framework to catalogue these needs, then carried out research and analysis to highlight a number of areas in which there were particularly severe unmet needs, which Children in Need would be well placed to tackle. In 2010, we carried out a similar piece of work to refresh this analysis and help to refine Children in Need's programmes.

As a result of our work, Children in Need has created a new programme in one of the areas we highlighted—fun and friendship for disabled young people—and is giving £3m to ten charities that work in this area.

## Developing a framework to measure the impact of a network

Mind is a national mental health charity that provides a wide range of activities, from lobbying government to providing information for people who experience mental health problems. Many of its services are delivered through 180 independent Local Minds.

Mind commissioned NPC to develop an evaluation framework to help it better understand its impact. We looked at Mind's existing evaluations, spoke to staff and developed a model to show how the charity achieves its aims. We also created an impact measurement plan and a set of tools.

Mind then asked NPC to develop a framework to enable Local Minds to measure their impact. Seven are now piloting the framework.

## Helping a new family foundation improve children's nutrition

The founders of a new family foundation wanted to fund work to improve nutrition in schools and nurseries. While they were clear on the focus and impact their funding should have, they were struggling to put it into practice. They wanted to fund well—to select effective charities and help them to have a significant impact on children—but were unsure of how to go about it.

NPC ran a half-day workshop for one of the founders and the foundation's sole staff member. We talked them through good practice in grant-making and answered questions on ideal grant sizes, duration and structure. We also discussed grant-making processes, and advised the foundation on how best to find and assess charities. We then helped them to put all this into practice by talking through several charities the foundation was considering funding.

Following the workshop, we provided notes for the foundation, summarising the topics covered and showing them how to put the lessons into practice. According to the founder, *'It was a very important session, thank you very much. We felt like we got a lot from it, and the notes and the samples are good working documents to give us more support.'*

*“ [NPC's research and advice] will inform our grant-making for some time to come, so it will have a shelf life and add value to our normal funding that we had not anticipated.”*

Children in Need

*“ By having an independent review, including gathering feedback from grantees, we were able to enhance our grant-making and strategy so that everyone involved benefited.”*

**Anthony Harte**, Director of Community Affairs for EMEA, Nomura

## Nomura

In 2009, the global investment bank Nomura set up a charitable trust to support disadvantaged young people in London and the Middle East. NPC helped advise the trustees about the trust's focus, strategy and processes, and after their first year of grant-making, the trustees asked us to conduct an independent review of its activities.

We interviewed grantees, employees, trustees and the Community Affairs team, and made several recommendations for how the trust could work even more effectively in the future, for example, by devising different funding processes for different grant sizes. As the quote to the left shows, this helped to enhance the trustees' grant-making and strategy.





## Communications

The communications team focuses on three areas:

- **Promoting NPC's mission, products and services:** We build awareness of NPC through PR, publications, our website, our blog and marketing materials.
- **Inspiring and shaping the debate on effectiveness:** NPC has continued to kickstart debate, contribute new ideas for discussion and encourage dialogue in the voluntary sector. As an independent think tank, we are not constrained by the need to represent any members' views, and we are well placed to use events, publications, PR and our blog to encourage new ways of thinking and get discussion going.
- **Embedding a communications approach in all of our activities:** As well as disseminating NPC's knowledge, we provide internal support to NPC's other teams on messaging and product development.

### Examples of impact

#### Generating debate and new thinking

In September 2010, Martin Brookes, our chief executive at the time, gave a lecture at the RSA entitled *The morality of charity*. In this lecture, Martin posed some difficult questions. He asked whether we can or should make moral judgements about where and how people give to charity, and argued that the sector needs to find ways to make it simpler for people to make rational choices about giving. One potential solution discussed at the lecture was the idea of grading charities' public benefit in a similar way that hospitals or schools are graded, based on a clearer definition of public benefit from the Charity Commission.

The debate was well attended, and generated a lively discussion among the audience, as well as in the media, on blogs and Twitter. 'You have to hand it to @MartinBrookes—he knows how to get a debate going,' said one Tweet.

*“ I may not always agree with what you say, but you always raise the right issues that need to be debated. ”*

**Charles Nall**, Trustee, Charity Finance Directors Group

#### Responding to charity interest on impact

Many of our communications activities in the last year have focused on the issue of impact, building on *Talking about results* and *The little blue book*, both published in 2010. These reports are among the most popular downloads from our website.

In spring 2011, we held a series of four events on impact reporting at The Guardian. These events sold out within days of advertising them, even when we added an extra event, which illustrates the high level of interest in this area.

This intensity of interest about the impact agenda was further demonstrated in October 2011, when 350 participants filled the conference centre at the Emirates Stadium in north London to talk about social impact. In the last session of the day, our new chief executive, Dan Corry, debated the relevance of impact with Professor Cathy Pharoah of Cass Business School. Professor Pharoah argued that impact measurement was sometimes too complicated for charities to take on and said the sector did not dare to speak up and express reservations. According to Third Sector, Dan Corry 'gave a solid account of the undeniable case for charities to find clearer ways of expressing what they achieve'.

As well as sharing the latest thinking about impact, these events help to showcase the interesting work that is going on among charities that are grappling with this issue. They also facilitate networking and discussions among participants. The impact reporting events in the spring, for example, all included round table discussions to encourage an exchange of lessons and approaches. As one participant commented: 'The event refreshed my engagement with the issue, identified the latest thinking and [enabled me to] make contacts with those at the "cutting edge".'

### Working with charity boards

In 2010/2011, we ran two series of events for charity trustees, with the support of The Clothworkers' Company, covering topics such as:

- Guiding your charity through challenging times.
- What do trustees need to know about collaboration and mergers?
- How well is your board working?

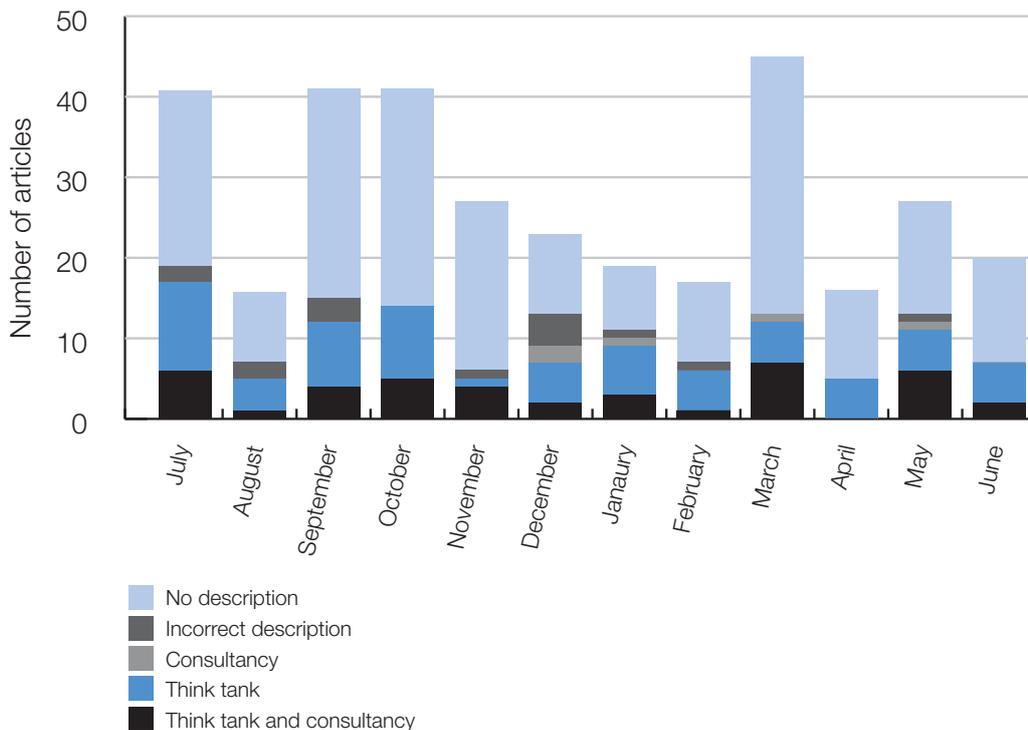
The seminars focused on topical issues highlighted by participants at previous events. Feedback shows that participants value both the chance to hear from expert panellists and the opportunity to network with other trustees. One participant told us: *'I have already had great benefit from the two sessions I could attend ... I have some meetings lined up with people I met, as well as having been signposted to some great resources.'*

The events built on our research into good governance, our *Board matters* report and our recent *Talking to trustees* report. The discussions at the seminars were used as the basis for a subsequent report, *Stories from the boardroom*.

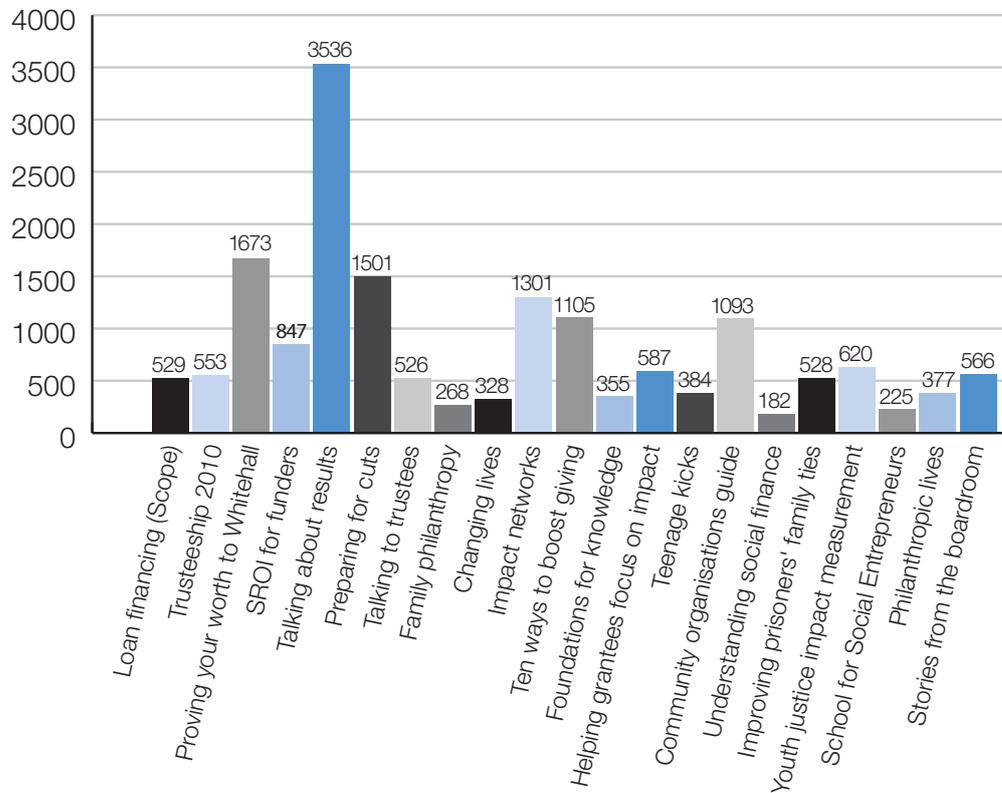
*“ I would just like to say how helpful the ‘Talking About Results’ document was in getting us started in impact reporting. The ‘5 key questions’ provided a framework for de-cluttering our thinking, and helping us focus. The examples of good practice were not complex, costly things that were out of our range, and so this gave us the confidence to get started. ”*

**Sandy Pfeifer**, The Civil Service Benevolent Fund

### Descriptions of NPC in the press: July 2010 to June 2011



**Number of report downloads: June 2010 to July 2011**





### VALUES

- Open to change / consistent
- Public Scrutiny
- Credible / trusted / academic / rigorous

INTEGRITY & CLEAR VISION

### STANDARDS

- Practical for charities to use!
- Fits with NPC brand!
- Value for money
- Stylish & effective website
- High quality / robust

### PURPOSE

- Thought leaders
- Expand NPC
- Demonstrate commitment to charities
- Generate revenue
- Help charities get better
- Enable people to measure impact
- Raise NPC's profile

The little p...

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## Reporting against last year's plans

In last year's annual report, we set out departmental plans for the coming year. Here, we show how we progressed against those plans. We do not think that this is necessarily the best way to convey our plans and progress, so we will be trying new ways of doing this in the future.

### Research

Plan	Progress in 2010/2011
Establish a source of funding for sector measurement work and publish a number of reports.	We launched a new series, <i>Measuring together</i> , and published two reports, <i>Impact measurement in the youth justice sector</i> (not funded) and <i>Improving prisoners' family ties</i> (funded by The Indigo Trust).
Carry out three structural research projects that will be internally funded, including one project on large charities and impact chains, and another on how charities can make the most of their non-financial resources.	We published <i>Impact networks: charities working together to improve outcomes</i> , but we did not publish a report on non-financial resources.
Publish at least one think piece each month in our new <i>NPC perspectives</i> series.	Over eight months, we published seven <i>NPC perspectives</i> reports.
Publish the following: <ul style="list-style-type: none"> <li>• the findings of the research into the impact of community anchor organisations;</li> <li>• an evaluation of the impact and value of the School for Social Entrepreneurs;</li> <li>• an update report on autism;</li> <li>• a report on the economic impact of sport as a method to tackle youth crime;</li> <li>• a report focused on philanthropy advice in Ireland;</li> <li>• a report about using the concept of an impact chain to maximise impact; and</li> <li>• a report on how foundations can share knowledge.</li> </ul>	We published all of these reports.
Build a steady stream of charity analysis work.	We completed eight charity analysis projects.
Evaluate the impact of our charity analysis work.	We asked for feedback from 16 charities we have analysed, and published the results in <i>The value of charity analysis</i> .
Produce a self-analysis toolkit from <i>The little blue book</i> , developing our charity analysis methodology into something that other organisations can apply more easily to their own work.	We did not produce this toolkit in 2010/2011. In 2011/2012, we intend to take it forward in a slightly different format, as part of a series of workshops we are developing for charities to help them analyse and identify ways to boost their effectiveness.
Lead thinking on how charities and funders can respond to the proposed coalition government funding cuts.	In October 2010, we published <i>Preparing for cuts: How funders should support charities in a world of government cuts and changing funding structures</i> .

## Consulting

Plan	Progress in 2010/2011
Develop and market a set of measurement products, so that charities have a clearer idea of what NPC can do for them.	In early 2011 we published a short leaflet explaining our measurement products.
Carry out market research with charities to develop a better understanding of what services they would value from us, and as a result, clarify our charity analysis service and approach.	We did not make progress against this aim in 2010/2011.
Increase our reach to and awareness amongst charities.	Increasing numbers of charities are attending our events, downloading our publications and enquiring about our services.
Win government contracts and build our reputation in this market.	We won contracts with the Office for Civil Society and Nesta.

## Communications

Plan	Progress in 2010/2011
Keep our website and marketing materials up to date.	We regularly update our website and marketing materials.
Create marketing products for NPC's Well-being Measure.	The Well-being Measure now has a website, videos and other marketing materials.
Consider refreshing our brand to reflect NPC's expanded role in working with donors and charities.	We will reconsider our brand in 2012.
Develop partnerships with other organisations.	We have made good progress here, as explained on page 8.
Build up our events programme—in particular, holding a series of seminars around charity effectiveness and holding the first in a series of annual events on the subject of impact.	Our events programme has grown significantly in 2010/2011, as we explain on page 21.
Review our new project management processes and improve them in response to this review.	We have reviewed and improved our project management processes.
Continue to write thought-provoking blogs, and increase blog readership to an average of 1,100 visits each week.	Blog readership increased to an average of 1,421 visits each week.
Increase the number of people following our profile on Twitter to 3,200 by the year end.	3,771 people were following our profile on Twitter by the year end.
Attract an average of 6,900 visitors to our website each month by June 2011, with 2,200 reports downloaded each month, and improve our search engine optimisation, including applying for Google AdWords grants.	We did not meet either of these targets: our website had 6,227 unique visitors on average each month, and 1,904 reports were downloaded each month. This demonstrates the importance of redesigning the website, which is planned for 2012.
Speak at around 60 conferences and events.	We have not formally tracked the number of conferences and events staff spoke at during the year, but we estimate it to be around 50.
Be mentioned in 35 articles on average each month.	We were mentioned in 29 articles each month on average.
Establish the Social Impact Analyst Association, in partnership with Bertelsmann Stiftung.	We hired the first member of staff for the Social Impact Analysts Association in May 2011, and it was registered as a charity in summer 2011.





## Financial review

The Statement of Financial Activities for the year to 30 June 2011 is set out on page 41 of this report.

### Financial activities

Total incoming resources for the year amounted to £1,963,641 (2010 £2,780,957). The decrease, as detailed below, arose from a significant and planned decline in donor client and trustee donations, offset by a £673,606 increase in external revenues.

During the year NPC's revenue from external sources, which includes grants, fees and donations, was £1,732,250 (2010 £1,058,644), an increase of 64% from the previous year.

In addition we received donations of £219,111 (2010 £1,387,827) from our trustees. The decline followed a significant injection of funding from trustees in the previous year to increase our reserves. Trustees' funding accounted for 11% of our revenue, excluding donations from donor clients, compared with 57% in the year to 30 June 2010. Our medium-term aim is to reduce our dependence on trustee funding as we increase our external revenues.

We received £12,280 (2010 £334,486) of donations from donor clients. These donations were used to make grants to charities in accordance with the preferences of the original donors, and were not used by NPC to fund our core activities. Following our decision to scale back our portfolio service to individual donors, our aim is for this type of donation to cease by June 2012.

Total resources expended in the year were £2,016,677 (2010 £2,275,444). The major part of expenditure in the year was on employee costs, including reimbursed expenses, and premises, publication and technology costs. Excluding grants to charities funded by donor clients, our expenditure in the year increased by 1% to £1,964,201 (2010 £1,940,958).

### Funding

During the year, NPC's main sources of funding were fees for consulting and research work, grants from foundations and individuals to fund research projects, strategic grants from foundations to fund our core activities and donations from our trustees.

NPC's strategic review in 2009 called for us to reduce our dependence on trustee funding by expanding the client base for our consulting services and by seeking both project and strategic grants, and progress towards this goal was achieved in the year.

### Investment policy

In accordance with the memorandum of association, the trustees have the power to invest the charity's funds not immediately required, in any investments, securities or property, and to delegate the management of investments to a financial expert. During the year, cash balances were insufficient to be invested and, when appropriate, funds were held in seven-day and 30-day deposit accounts to combine optimum interest rates with the required accessibility of funds.

### Reserves policy and unrestricted funds

The trustees believe that, in the light of NPC's increased emphasis on generating fee income, its committed fee income should be considered alongside its unrestricted reserves when considering the adequacy of its reserves. The trustees aim to have a total of NPC's unrestricted reserves and committed fee income to cover at least 50% of its planned activities in the year ahead.

At 30 June 2011 NPC had unrestricted reserves of £481,794 (2010 £685,623), and £310,000 (2010 £449,000) of committed fee and grant income. We expect average monthly expenditure in the year to 30 June 2012 to be £168,000. The total of £791,794 of unrestricted reserves and committed donations and fees will therefore cover slightly less than five months of expenditure.

Were reserves to be calculated according to the methodology described in NPC's *The little blue book*, unrestricted reserves at 30 June 2011 also represent five months' spending.

### **Grant-making policy**

NPC does not invite applications for grants. All of the grants made during the current year were in accordance with specific requests made by donor clients.

### **Subsidiary**

The charity has a wholly owned trading subsidiary, NPC Trading Limited. The company did not trade during the year ended 30 June 2011.

### **Auditor**

Sayer Vincent was re-appointed as the charity's auditor during the year, and has expressed its willingness to continue in that capacity.



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LETTER

## Structure, governance and management

NPC is a charitable company limited by guarantee. Each of its trustees has agreed to contribute up to £1 towards the assets of the company in the event of its being wound up. The organisation was incorporated on 2 July 2001 and registered as a charity on 27 March 2002.

### Trustees

Members of the board of trustees are the directors of the company. The trustees are responsible for establishing clear strategic goals for NPC. These goals, together with performance targets, are established annually, and the chief executive reports on them at trustee meetings. According to their skills, experience and interests, trustees take responsibility for one or more areas of activity, which may include being appointed to a committee.

Trustees are appointed by the board and serve for four years, after which period they may put themselves forward for re-appointment. The trustees meet four or five times a year. Those in office during 2010/2011 and at the date of this report are set out on page 24.

Jon Aisbitt, Kathleen Duncan and Baroness Neuberger have resigned from the board of trustees since 1 July 2010. All of them had made a significant contribution to NPC's work, for which we thank them.

We are pleased to welcome David McKinley, Fraser Hardie and Baroness Stedman-Scott to the board.

### Induction and training

On appointment, each trustee completes a register of interests, which is renewed annually. New trustees receive a job description and participate in an induction programme which includes meeting the chair, chief executive, governance committee, members of the management team and staff. When new trustees are recruited, their training needs are assessed and met as necessary.

### Committees

The governance committee is responsible for:

- ensuring that NPC's governance structure meets the needs of the charity and is consistent with regulatory requirements and best practice;
- defining the roles and responsibilities of the board of trustees;
- recruiting and inducting new trustees; and
- evaluating the performance of the board of trustees.

The remuneration committee is responsible for setting the chief executive's salary.

The audit and risk committee meets annually with the auditors and the chief operating officer and is responsible for:

- reviewing the annual audited financial statements;
- appointing and reviewing the performance of external auditors; and
- reviewing the risk register.

## Statement of responsibilities of the trustees

The trustees (who are also directors of New Philanthropy Capital for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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.

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

## Management and staff

While the trustees are responsible for establishing NPC's strategic goals, day-to-day activities are directed by the management team, led by the chief executive, Dan Corry, who took up his appointment at NPC on 10 October 2011. The chief executive is responsible for developing strategies, products and services within overall guidelines and policies set by the trustees. He is responsible for representing NPC externally and for ensuring that NPC's values are communicated and observed. He is also responsible for the recruitment, training and development of the management team.

The management team consists of the chief executive, the chief operating officer, the co-directors of research and consulting, the head of communications, the head of development and the HR consultant.

The operations team supports the research, consulting and communications teams.

At 30 June 2011, we had 29 permanent employees, of whom six worked part-time, giving a full-time equivalent workforce of 27. During the year we also employed three paid interns, who provided us with the equivalent of seven and a half months of full-time work.

## Volunteers

During the year, two volunteers donated the equivalent of five weeks' work to NPC. The volunteers worked in our communications and operations teams. We estimate that the value of work donated is £6,000.

We thank the Civil Aviation Authority for seconding one of its senior executives to work in NPC's operations team. This placement was for four days a week from January 2009 to July 2010.

## Risks

NPC has a risk management process in place to enable the trustees and management to assess the risks facing the organisation and to devise and implement strategies and controls to mitigate or address these risks.

A comprehensive risk register is maintained, in which all risks are evaluated and graded. The register is reviewed regularly by the audit and risk committee and annually by the trustees.



**Peter Wheeler**

Chair

## Reference and administrative details

**Charity registration number** 1091450

**Company registration number** 4244715

### Trustees

Peter Wheeler (Chair)

Jon Aisbitt (resigned 15 July 2011)

Kathleen Duncan (resigned 28 September 2010)

Fraser Hardie (appointed 24 March 2011)

Rishi Khosla

Peter Mallinson

Harvey McGrath

David McKinley (Treasurer) (appointed 1 July 2010)

Baroness Julia Neuberger (resigned 30 April 2011)

Peter Smitham

Baroness Deborah Stedman-Scott (appointed 22 August 2011)

Governance committee Rishi Khosla

Peter Wheeler

Remuneration committee Harvey McGrath

Peter Smitham

Audit and risk committee David McKinley

### Chief Executive

Dan Corry

### Chief Operating Officer and Company Secretary

Jocelyn James

### Registered office

Third Floor, 185 Park Street, London SE1 9BL

### Auditors

Sayer Vincent  
8 Angel Gate, City Road, London EC1V 2SJ

### Bankers

NatWest, Charing Cross Business Centre,  
3rd Floor, Cavell House  
London, WC2H 0NN

### Solicitors

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





# FINANCIAL STATEMENTS

## Independent auditors' report to the members of New Philanthropy Capital

We have audited the financial statements of New Philanthropy Capital for the year ended 30 June 2011 which comprise the statement of financial activities, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 auditor

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, 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.

### 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 30 June 2011 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

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

- 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.

**Catherine L Sayer**

Senior Statutory Auditor

For and on behalf of Sayer Vincent, Statutory Auditors

**SAYER VINCENT**

8 Angel Gate

City Road

London EC1V 2SJ

# New Philanthropy Capital

## Statement of financial activities

(Incorporating an Income and Expenditure Account)

For the year ended 30 June 2010

	Notes	Unrestricted Funds £	Restricted Funds £	2011 Total £	2010 Total £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	224,155	12,280	<b>236,435</b>	1,730,024
Investment income	3	2,275	–	<b>2,275</b>	807
<b>Incoming resources from charitable activities</b>					
Consulting fees		1,105,445	–	<b>1,105,445</b>	612,381
Grants and research fees	4	125,849	470,069	<b>595,918</b>	432,640
<b>Other incoming resources</b>					
		23,568	–	<b>23,568</b>	5,105
Total incoming resources		<u>1,481,292</u>	<u>482,349</u>	<b><u>1,963,641</u></b>	<u>2,780,957</u>
<b>RESOURCES EXPENDED</b>					
<b>Cost of generating funds</b>					
	5	73,936	–	<b>73,936</b>	72,644
<b>Charitable activities</b>					
Research	6	918,562	272,378	<b>1,190,940</b>	1,244,812
Consulting	6	634,851	6,898	<b>641,749</b>	563,609
Grant-making	7	196	52,280	<b>52,476</b>	334,486
<b>Governance costs</b>					
	8	57,576	–	<b>57,576</b>	59,893
Total resources expended		<u>1,685,121</u>	<u>331,556</u>	<b><u>2,016,677</u></b>	<u>2,275,444</u>
<b>Net (expenditure)/income for the year and net movement in funds</b>					
	9	(203,829)	150,793	<b>(53,036)</b>	505,513
Balance brought forward at 1 July		<u>685,623</u>	<u>160,000</u>	<b><u>845,623</u></b>	<u>340,110</u>
Balance carried forward at 30 June	19	<u>481,794</u>	<u>310,793</u>	<b><u>792,587</u></b>	<u>845,623</u>

All of the above results are derived from continuing activities; all gains and losses recognised in the year are included above. The notes on pages 44 to 55 form part of these financial statements.

# New Philanthropy Capital

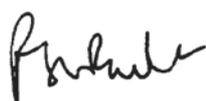
## Balance sheet

As at 30 June 2011

	Notes	2011 £	2010 £
<b>Tangible fixed assets</b>			
Investments	13,14	<b>10,001</b>	10,001
<b>Current assets</b>			
Debtors and prepayments	15	480,531	582,654
Short-term deposits		435,725	–
Cash at bank and in hand	16	110,912	352,819
		<u>1,027,168</u>	<u>935,473</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(244,582)	(99,851)
<b>Net current assets</b>		<b>782,586</b>	835,622
<b>Net assets</b>		<b>792,587</b>	845,623
<b>Funds</b>			
Unrestricted funds	18, 19	<b>481,794</b>	685,623
Restricted funds	18, 19	<b>310,793</b>	160,000
<b>Total funds</b>		<b>792,587</b>	845,623

The notes on pages 44 to 55 form part of these financial statements.

The financial statements were approved by the trustees on 22 November 2011 and signed on their behalf by:



**Peter Wheeler**  
Chair

Company No: 4244715

# New Philanthropy Capital

## Cash flow statement

For the year ended 30 June 2011

	Notes	2011 £	2010 £
<b>Net cash flow from operating activities</b>		191,543	168,224
Investment income	3	2,275	807
<b>(Decrease)/increase in cash net of overdraft</b>	18,19	<u>193,818</u>	<u>169,031</u>

### Notes to the cash flow statement:

Reconciliation of net incoming resources to net cash flow from operating activities			
<b>Net incoming/(outgoing) resources for the year and net movement in funds</b>		(53,036)	505,513
Investment income	3	(2,275)	(807)
(Increase)/decrease in debtors	16	102,123	(310,640)
(Decrease)/increase in creditors excluding bank overdraft	18	144,731	(25,842)
<b>Net cash flow from operating activities</b>		<u>191,543</u>	<u>168,224</u>

### Analysis of change in net cash

	30 June 2009 £	2009/2010 Cash flows £	30 June 2010 £	2010/2011 Cash flows £	<b>30 June 2011 £</b>
Cash (including short term deposits)	183,788	169,031	352,819	193,818	<b>546,637</b>

# Notes forming part of the financial statements

## For the year ended 30 June 2011

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are material in relation to the financial statements.

#### a. Basis of preparation

The financial statements have been prepared under the historical cost convention (except for investments which are included at revalued amounts) and have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', published in March 2005, applicable accounting standards and the Companies Act 2006.

#### b. Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is reasonably certain that the income will be received and the amount can be quantified with reasonable accuracy.

Donations are recognised when received. Donations include amounts given to NPC to pass on as grants to other charities. NPC has control over the application of these donations, and as such recognises these as income in the SOFA.

Legacies and gifts are taken into account on a receivable basis, but only when capable of exact financial measurement.

Consulting fees are charged for research projects, provision of training and provision of information. These fees are recognised when receivable. Fees are receivable when the consultancy service has been provided by NPC. Where there is uncertainty as to whether the charity can meet such conditions, the incoming resource is deferred.

Grants are received to carry out research activities. These grants are recognised as income when they become receivable. Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions, the incoming resource is deferred.

#### c. Grant-making

NPC receives donations specifically for grant-making to other charitable organisations. Donors provide funds to NPC, which retains discretion over the destination of these funds. NPC will discuss the grant-making with the donors, and where possible make payments to organisations recommended by the donors.

NPC recognises this income as it has entitlement over the application of the donations. These donations are included as restricted voluntary income in the SOFA.

Grants payable are classified as charitable expenditure.

Grants payable are charged in the year that they are agreed by the trustees and with the recipient organisation. The value of any such grants unpaid at the year end is accrued. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued but are noted as financial commitments.

**d. Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis, which is an estimate, based on staff time, of the amount attributable to each activity:

<b>Cost of generating funds</b>	15%
<b>Research</b>	40%
<b>Consultancy</b>	40%
<b>Governance costs</b>	5%

Marketing costs are reallocated to each of the activities on the following basis, which is an estimate, based on staff time, of the amount attributable to each activity:

	<b>Marketing &amp; Communications</b>
<b>Cost of generating funds</b>	5%
<b>Research</b>	50%
<b>Consulting</b>	45%

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Irrecoverable VAT is apportioned on the same basis as central costs.

- e.** Costs of generating funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

**f. Tangible fixed assets and depreciation**

Tangible fixed assets costing more than £5,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

<b>Computer equipment</b>	<b>over 3 years</b>
<b>Furniture and fixtures</b>	<b>over 5 years</b>
<b>Office equipment</b>	<b>over 5 years</b>

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

**g. Fund accounting**

Funds held by the charity are either:

*Restricted funds* - these are funds that 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.

*Unrestricted funds* - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

**h. Pension**

The charity operates a defined contribution pension scheme through Aegon Scottish Equitable for all employees completing six months' service. Membership of the scheme is not compulsory. Pension costs charged to the SOFA represent the contributions payable by the charity in the year.

**i. Leases**

Operating lease rentals are charged to the SOFA on a straight line basis over the period of the lease.

**j. Taxation**

The charity is exempt from taxation on its charitable activities.

**k. Investments**

Investments are stated at mid-market value at the balance sheet date. The gain or loss for the period is taken to the SOFA. All movements in value arising from investment changes or revaluations are shown in the SOFA. The cumulative unrealised gains are included in a revaluation reserve within unrestricted funds.

**2 Voluntary income**

	Unrestricted	Restricted	2011 Total	2010 Total
	£	£	£	£
Donations from or on behalf of trustees	219,111	–	<b>219,111</b>	1,387,827
Advisory client donations	–	12,280	<b>12,280</b>	334,486
Other donations	5,044	–	<b>5,044</b>	7,711
<b>Total</b>	<b>224,155</b>	<b>12,280</b>	<b>236,435</b>	<b>1,730,024</b>

Advisory client donations comprise donations made to NPC by advisory clients. At the discretion of NPC's trustees, the money received is donated to charities nominated by the donors following advice from NPC. The grants made with these donations are included in resources expended in charitable activities and are listed in note 8.

**3 Investment income**

Investment income consists of bank interest and interest receivable from short-term deposits.

#### 4 Grants and research fees

	£	£	2011 £	2010 £
	Unrestricted	Restricted	Total	Total
<b>Measuring the impact of arts on reducing reoffending</b>				
Man Group plc Charitable Trust	–	35,350	<b>35,350</b>	–
Clinks	–	29,600	<b>29,600</b>	–
<b>Access to youth offending data by homelessness charities</b>				
Oak Foundation	–	3,080	<b>3,080</b>	–
<b>Well-being project</b>				
Paul Hamlyn Foundation	–	90,000	<b>90,000</b>	–
Private Equity Foundation	–	51,000	<b>51,000</b>	–
<b>The Social Impact Analysts Association</b>				
Bertelsmann Stiftung	–	124,258	<b>124,258</b>	–
Adessium Foundation	–	40,781	<b>40,781</b>	–
<b>Measuring Social Impact</b>				
Calouste Gulbenkian Foundation	–	23,000	<b>23,000</b>	–
<b>National Performance Programme</b>				
Charities Evaluation Services	–	–	–	49,500
<b>Financing model</b>				
Scope	–	–	–	11,200
<b>Financial exclusion</b>				
Friends Provident	–	–	–	1,500
<b>Impact of sport in tackling youth crime</b>				
Laureus	–	17,200	<b>17,200</b>	17,200
<b>Monitoring and evaluation</b>				
Mayor's Fund	–	29,800	<b>29,800</b>	15,200
Man Group plc Charitable Trust	–	–	–	20,000
<i>Carried forward</i>	–	444,069	444,069	114,600

continued overleaf...

## 4 Grants and research fees (continued)

	£	£	2010 £	2009 £
	Unrestricted	Restricted	Total	Total
<i>Brought forward</i>	–	444,069	444,069	114,600
<b>Trusteeship</b>				
The Clothworkers' Foundation	–	21,000	<b>21,000</b>	10,000
<b>Autism</b>				12,800
The Clothworkers' Foundation	–	–	–	35,000
<b>Prisoners</b>				
Indigo Trust	–	–	–	30,000
<b>Charity effectiveness seminars</b>				
The Clothworkers' Foundation	–	–	–	15,000
<b>Philanthropy advice in Ireland</b>				
Atlantic Philanthropies	–	–	–	52,000
<b>The Business of Philanthropy</b>				
Atlantic Philanthropies	–	–	–	8,500
<b>Numeracy</b>				
The Clothworkers' Foundation	–	5,000	<b>5,000</b>	–
Rayne Foundation	–	–	–	10,000
<b>Strategic grants</b>				
William and Flora Hewlett Foundation	35,604	–	<b>35,604</b>	63,819
Garfield Weston Foundation	–	–	–	30,000
Bertelsmann Stiftung	–	–	–	23,721
Phineo	8,245	–	<b>8,245</b>	–
ACEVO	62,000	–	<b>62,000</b>	–
<b>Other</b>				
Tuixen Foundation	10,000	–	<b>10,000</b>	30,000
The Uyea Trust	10,000	–	<b>10,000</b>	10,000
<b>Total grants</b>	125,849	470,069	<b>595,918</b>	432,640

## 5 Costs of generating funds

	2011 £	2010 £
Staff costs	<b>56,842</b>	48,449
Consultants' fees	<b>1,500</b>	7,480
Allocated support costs	<b>15,594</b>	16,715
<b>Total</b>	<b>73,936</b>	72,644

## 6 Costs of charitable activities

	Research £	Consultancy £	2011 Total £	2010 Total £
Staff costs	833,394	440,381	<b>1,273,775</b>	1,264,084
Travel & subsistence	8,822	24,512	<b>33,334</b>	23,627
Recruitment & training	21,663	16,694	<b>38,357</b>	44,722
Consultants' fees	33,736	47,446	<b>81,182</b>	79,572
Subscriptions, publications & data sources	6,451	2,745	<b>9,196</b>	12,303
Printing & distribution	12,167	2,496	<b>14,663</b>	49,263
Premises	112,096	51,252	<b>163,348</b>	171,237
IT, telecoms & equipment	51,339	24,970	<b>76,309</b>	74,210
Legal costs	8,736	3,937	<b>12,673</b>	2,918
Marketing & PR	61,337	9,000	<b>70,337</b>	15,135
Accounting and payroll services	11,066	4,980	<b>16,046</b>	15,947
Irrecoverable VAT	11,082	4,986	<b>16,068</b>	15,731
Insurance	3,702	1,665	<b>5,367</b>	8,615
Office expenses & other	15,349	6,685	<b>22,034</b>	31,057
<b>Total project costs</b>	<b>1,190,940</b>	<b>641,749</b>	<b>1,832,689</b>	1,808,421

## 7 Grant-making

Grants made during the year were in accordance with preferences stated by donor clients and were at the discretion of NPC's trustees (see note 2).

Grants of £20,000 or over were made to the following organisations:

	<b>2011</b>	2010
	<b>£</b>	£
<b>UK</b>		
One Voice	<b>20,000</b>	–
Partners in Health	<b>20,000</b>	–
Chance UK	–	75,641
Aanchal	–	50,000
St Giles Trust	–	50,000
Springboard for Children	–	20,000
Advance	–	20,000
First Step Trust	–	20,000
Shannon Trust	–	20,000
SHINE Trust	–	20,000
<b>International</b>		
Mobile Creches	–	1,000
	<b>40,000</b>	276,641
Grants of less than £20,000	<b>12,476</b>	57,845
<b>Total grants</b>	<b>52,476</b>	334,486

## 8 Governance costs

	2011	2010
	£	£
Staff costs	<b>37,895</b>	34,609
Recruitment, training and development	<b>1,885</b>	1,464
Consulting fees	<b>1,000</b>	5,604
Premises, IT, telecoms & equipment	<b>5,697</b>	6,258
Audit fees	<b>7,647</b>	8,001
Trustees' indemnity insurance	<b>638</b>	638
Legal costs	<b>234</b>	79
Other allocated costs	<b>2,580</b>	3,240
<b>Total</b>	<b>57,576</b>	59,893

## 9 Net incoming/outgoing resources for the year

This is stated after charging:

	2011	2010
	£	£
Auditors' remuneration		
– Audit	<b>8,500</b>	8,300
– Under accrual in prior years	<b>(853)</b>	(299)

## 10 Trustees' remuneration

The trustees neither received nor waived any emoluments during the year (2010 £nil) and no expenses were reimbursed to trustees (2010 £nil).

## 11 Staff costs

	2011	2010
	£	£
Wages and salaries	<b>1,147,866</b>	1,137,616
Social security costs	<b>125,184</b>	123,749
Pension costs	<b>95,462</b>	85,777
<b>Total</b>	<b>1,368,512</b>	1,347,142

The number of employees whose emoluments, as defined for taxation purposes, amounted to over £60,000 in the year was as follows:

	2011	2010
	No.	No.
£60,001 - £70,000	<b>1</b>	–
£70,001 - £80,000	<b>2</b>	3
£80,001 - £90,000	<b>1</b>	–
£90,001 - £100,000	–	1

The company made contributions totalling £32,252 during the year to a defined contribution pension scheme with respect to these employees (2010 £31,190).

The average number of employees, calculated on a full-time basis, analysed by function was:

	2011	2010
	No.	No.
Research	<b>13</b>	12
Consulting	<b>5</b>	4
Marketing	<b>4</b>	4
Executive, operations & strategy	<b>6</b>	6
<b>Total</b>	<b>28</b>	26

## 12 Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £85,777 (2009 £62,406). At 30 June 2010, contributions amounting to £8,849 (2009 £8,567) were payable to the scheme and are included in creditors.

### 13 Investments

NPC holds a bond that it received as a donation and is valued at £10,000. The value has not changed during the year and no income has been earned from the bond. The bond is due to mature in 2011 when the proceeds will be distributed as a grant in accordance with the original donor's preferences. The bond is held on behalf of NPC in a nominee account at Cazenove Capital Management.

The investment of £1 (2010 £1) in NPC Trading Ltd is also included in investments on the balance sheet with an equivalent amount shown in creditors.

### 14 Subsidiary company

The charity owns the whole of the issued ordinary share capital of NPC Trading Ltd. (Registered company number 4419576), which was incorporated and registered in England on 18 April 2003. The purpose of the subsidiary is to carry on business as a general commercial company to procure profits and gains for the purpose of paying them to New Philanthropy Capital (Registered company number 4244715) or any other charitable body that succeeds to its charitable purpose. The company was dormant throughout the year and has not been consolidated.

The aggregate of the assets, liabilities and funds of NPC Trading Ltd was as follows:

	2011 £	2010 £
Net assets	1	1
Funds (represented by one share of £1)	1	1

### 15 Debtors and prepayments

	2011 £	2010 £
Trade debtors	170,351	36,054
Premises rent deposit	–	31,493
Prepayments	27,745	34,558
Donations and fees receivable	271,681	474,085
Other debtors	10,754	6,464
	<b>480,531</b>	582,654

**16 Cash at bank and in hand**

	2011 £	2010 £
Cash and bank deposit accounts	–	325,384
Managed cash fund	<b>110,912</b>	27,435
	<b>110,912</b>	352,819

**17 Creditors: amounts falling due within one year**

	2011 £	2010 £
Trade creditors	<b>102,961</b>	12,856
Taxation and social security	<b>76,327</b>	53,664
Pensions	<b>18,902</b>	8,849
Grants payable	–	15,024
Deferred income	<b>34,806</b>	–
Other creditors	<b>1,384</b>	–
Accruals	<b>10,202</b>	9,458
	<b>244,582</b>	99,851

**18 Analysis of net assets between funds**

	Unrestricted funds £	Restricted funds £	Total £
<b>Fund balances at 30 June 2011 are represented by:</b>			
Investments	10,001	–	<b>10,001</b>
Current assets	716,375	310,793	<b>1,027,168</b>
Current liabilities	(244,582)	–	<b>(244,582)</b>
<b>Total net assets</b>	481,794	310,793	<b>792,587</b>

## 19 Restricted and unrestricted funds

The funds of the charity include restricted funds. These are funds that 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. Unrestricted funds can be used in accordance with the charitable objects at the discretion of the trustees.

	At the start of the year £	Incoming resources £	Outgoing resources £	At the end of the year £
<b>Restricted funds</b>				
Restricted funds				
Community Impact	9,450	–	9,450	–
Prisoners	23,800	–	23,800	–
Substance abuse	10,000	–	–	<b>10,000</b>
National Performance Programme	15,750	–	15,750	–
Trusteeship	–	21,000	21,000	–
Autism	35,000	–	35,000	–
Monitoring	13,600	–	13,600	–
Evaluation	2,400	–	2,400	–
Numeracy	–	5,000	5,000	–
Calouste Gulbenkian	–	23,000	3,710	<b>19,290</b>
Clinks	–	29,600	14,800	<b>14,800</b>
Sport	–	17,200	17,200	–
Man Group Charitable Trust	–	35,350	2,380	<b>32,970</b>
Mayor's fund	–	29,800	29,800	–
Oak Foundation	–	3,080	3,080	–
Well-being	–	141,000	60,054	<b>80,946</b>
SIAA	–	165,039	22,252	<b>142,787</b>
	110,000	470,069	279,276	<b>300,793</b>
Advisory donations	50,000	12,280	52,280	<b>10,000</b>
<b>Total restricted funds</b>	<b>160,000</b>	<b>482,349</b>	<b>331,556</b>	<b>310,793</b>
<b>Total unrestricted funds</b>	<b>685,623</b>	<b>1,481,292</b>	<b>1,685,121</b>	<b>481,794</b>
<b>Total funds</b>	<b>845,623</b>	<b>1,963,641</b>	<b>2,016,677</b>	<b>792,587</b>

## 20 Related Parties

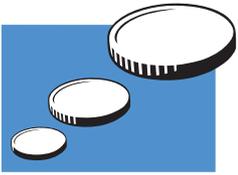
During the year, we sub-contracted consulting work to Blue Rubicon for a fee of £10,000, outstanding at the year end. Fraser Hardie is the founder and senior partner of Blue Rubicon and since 24 March 2011 has been a trustee of NPC. The contract was negotiated on normal commercial terms with Blue Rubicon before Fraser Hardie was recruited to the NPC board.

We received a grant of £35,350 from the Man Group plc Charitable Trust and a fee of £4,000 for consulting work carried out for the trust. The fee was calculated on our normal terms. Jon Aisbitt, who was a trustee of NPC until 15 July 2011, is also a trustee of the trust and chairman of Man Group plc, the trust's main funder.

We paid fees of £368 on our normal terms for proofreading carried out by Amy de Jong who is the sister of Esther Paterson, the marketing executive responsible for organising the proofreading of our reports. Our total expenditure on editing and proofreading in the year was £4,910.







## New Philanthropy Capital

**New Philanthropy Capital (NPC) is a charity consultancy and think tank dedicated to helping funders and charities to achieve a greater impact.**

We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better.

For charities, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.

For funders, this means understanding what makes charities effective and supporting their endeavours to become effective. It includes using evidence of charities' results to make funding decisions and to measure their own impact.

For more information about NPC and its services, contact Casey Stander on [cstander@philanthropycapital.org](mailto:cstander@philanthropycapital.org) or 020 7620 4850.

Designed by Falconbury Design

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