



# New Philanthropy Capital

**Report and Financial Statements  
for the year ended 30 June 2009**



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# A message from the Chair of Trustees

The year in review is the seventh in our existence, and saw more change in the world at large, and indeed in NPC, than any of us could have imagined. By the end of the year, the world's financial markets had imploded and economies suffered. The ranks of the poor, weak and disempowered swelled, and their prospects for a better life sharply diminished.

But people's impulse to help those in need remains undiminished, and at NPC, we treasure this above all else. We are here to help people to 'do good, better', and the need for this has never been greater. We are learning which interventions are effective, and which organisations, including charities and social enterprises, embody those approaches most effectively and most sustainably.

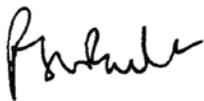
We recognise that charity and philanthropy are only part of a complex web of interventions that seek to address social problems. A good deal of our work explores how charities make a critical difference to people's lives in the context of other interventions—often provided by government, the private sector, religious organisations, informal community groups or individuals. We specialise in trying to understand what distinctively makes certain charities successful.

On a personal note, I would like to thank David Robins, who stepped down as our chair at the end of the year. David was there at the birth of NPC in 2002, and it quite literally would not have happened without him. He has worked tirelessly with three CEOs and generations of staff and trustees, and NPC finds itself where it is today largely due to his unstinting commitment to the cause. David has kindly agreed to stay on as a trustee until we find a permanent chair in early 2010.

NPC's staff are fantastic—we strive to pick the best, both in terms of their abilities and their values. This year they have faced enormous challenges, always working to the highest imaginable standards in what they do. On behalf of all of our trustees, I would like to thank all of NPC's staff for their outstanding contributions.

Finally, thanks to Martin Brookes who became our chief executive in March 2008 and who has done an outstanding job at leading the organisation through the most challenging of times. As our head of research since 2002 and in a variety of leadership roles over the years, Martin has come to embody what NPC is about. He leads from the front, and his commitment and ability to take NPC forward are unmatched.

We have made some real progress against our vision this year, and it is a vision that is well worthy of our collective efforts. I look forward to the challenges and opportunities the next year brings.



**Peter Wheeler**

## A message from the Chief Executive

This has been an important year for NPC. Like many charities, we faced strains brought about by the recession. And on top of this, when the financial storms hit with full force, we were part way through a major strategic rethink.

As a think tank and consultancy, we look to encourage a greater focus on results and effectiveness, among both charities and funders. Through research and advice for funders and charities, we work to build the knowledge, research and ideas that can help to improve the charity sector.

In 2009, we made some significant changes within NPC to help us achieve this. We went through a great deal of internal restructuring to ensure we work as efficiently as possible. We also grew our consulting and advisory work, and changed the way we communicate our purpose.

This has required a much closer integration of our three teams—research, consulting and communications—to build a better marketplace for charitable funding. Such a marketplace requires a combination of high-quality information and research, expert advice for funders and charities, plus greater public debate about results and effectiveness.

To reflect our expanded role, we introduced a new strapline—*Doing good, better*—which emphasises our desire to help charities and funders achieve a greater impact. It continues to be a priority for us that more people understand and appreciate this core message.

NPC's consulting business is evolving into a self-sustaining social enterprise within our organisation. In contrast, our activities as a think tank require support through donations. It is a challenge to continue making our research about charities freely available while we remain dependent on donations from just a handful of generous individuals and foundations. Squaring this circle will be a key priority for NPC, and particularly its leadership, over the next year.

We also recognise the need to articulate more emphatically the added value that NPC brings. Our first impact report will be key to this, alongside ongoing communication through speeches, our *Giving Insights* magazine, events and digital marketing.

Inevitably, change creates challenges, and the fact that this year has gone smoothly is down to the hard work and commitment of NPC's staff. I am proud of the way that the team continues to excel. Our impact is growing—that much is palpable. And to their credit, our backers have shown their determination to continue our journey towards a better, more effective charitable sector. In this, we are fortified by the many compliments and accolades for our work, as well as by those who want to learn from us and emulate our work in other countries.

Collectively, we have the potential to help charities achieve their utmost, improving and transforming the lives of some of the most disadvantaged people in our society. That is a worthwhile mission which binds us all, and to which NPC remains dedicated throughout the turbulence and continued impact of the financial crisis and recession.



**Martin Brookes**



ano Bag  
44D

# REPORT OF THE BOARD OF TRUSTEES

## About New Philanthropy Capital (NPC)

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

### Our vision

Our vision is a world in which charities and their funders are as effective as possible in changing people's lives and in tackling social problems. In this world:

Charities are effective—they use evidence to plan what they do, measure the results of their work, adjust their approach accordingly, communicate their results transparently, and attract support based on their impact.

Funders are effective—they seek effective charities to give to, fund charities appropriately, review their funding based on the results generated, and measure their own impact.

The marketplace that links charities and funders is effective—information, analysis and research flow efficiently among charities and funders to inform decision-making.

### Our mission

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.

### Our aims

We have three strategic aims:

- to build world-class knowledge and tools to help understand and increase the impact achieved by charities and their funders, and to share these as widely as possible;
- to provide first-rate advice and services to help charities and funders maximise their impact; and
- to inspire and lead the debate about what makes charities effective and how this can be measured.

### What we do

NPC provides independent research and advice for charities and funders, to help them achieve greater impact. We offer this advice based on in-depth research of social issues and on our own unique method of analysing charities. We also encourage debate about what makes a charity effective, and build knowledge and tools to support charities and funders in their efforts to increase their own effectiveness.

These activities reflect the journey that NPC has been on since it was founded in 2001, culminating in a strategic review in 2008/2009.

NPC was established with a simple goal: to help funders to find and fund effective charities. But we learned that it was hard to identify effective charities, because the majority did not adequately measure, analyse or communicate their results. Even when we did extensive research and analysis of charities' effectiveness, we found that funders did not prioritise effectiveness in their decision-making as we had hoped.

These challenges prompted us to reassess our approach, and we carried out a strategic review in 2008/2009. The review has led to our goals and methods becoming much broader than they were previously. Our focus is now tilted more clearly towards supporting charities as well as donors, as a means of achieving our vision.

Our work is carried out through three teams:

- Research leads and informs debate on charity and funder effectiveness and analyses performance.
- Consulting provides practical support to those who want to become more effective.
- Communications inspires a greater focus on impact and campaigns for increased effectiveness.

Through research, and with a commitment to public knowledge, we help to raise the understanding of what it means to be an effective charity or funder, and give organisations the tools to achieve this. Through consulting and client services, we provide practical support and guidance to those who want help in creating greater impact. And through clear communication on why effectiveness matters, we help to start some charities and funders on a journey towards greater impact.

The activities, performance and future plans of the three teams are discussed in detail in the following sections. Although certain activities sit within a particular team, there is considerable overlap and exchange between the teams, and in many cases, activities are delivered by people across NPC. For example, the consulting team draws on the expertise of the research team when delivering strategic advice to funders, and the knowledge and skills we develop through client work inform our research.

## 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.

## Measuring our impact

NPC is, at heart, a campaigning organisation, seeking to change charities’ and funders’ attitudes and actions. As a result, measuring NPC’s impact presents a challenge. It will never be possible to prove that changes in the world are a direct result of NPC’s activities. Instead, we must gather evidence where it is available and test our theories as much as we can.

The following sections, which detail the activities of the research, consulting and communication teams, describe the performance of these teams over the last year. However, while we have collected evidence for our impact in different ways, little of it is automated or systematic. We are tracking our goals across many different indicators and from many different sources.

In 2009/2010, we are investing in setting up and reviewing a pilot system for improving the way we measure our impact. This will help us to learn which approaches are the most effective, to determine what we are achieving, and to make changes to our work accordingly. It is taking us some time to finalise our measurement systems, but we believe that this investment is essential if we are to encourage other charities to develop their own measurement systems. In 2010/2011, we plan to implement a full system for measuring NPC’s impact and to publish an impact report.

### Box 1: Effectiveness

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.

By ‘effectiveness’, we mean charities’ ability to improve people’s lives and create lasting change for the better.

To be effective, charities need to focus on activities that achieve a real difference, use evidence of results to improve performance, make good use of resources, and be ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.

To fund effectively, funders need to understand what makes charities effective and support their endeavours to become effective.

‘NPC does exactly what needs to be done in the charity sector.’

Benita Refson, The Place2Be



*Photo: Kristian Buss*



# Research

NPC's research team builds public knowledge and leads debate about the effectiveness and performance of charities and funders. The team has three main activities, each of which support NPC's general aim to help charities and funders to achieve a greater impact:

- **Charity analysis:** A core part of our work is analysing charities using our unique analysis framework, which enables us to assess how effective they are at meeting the needs of beneficiaries. We provide feedback to charities on their performance and highlight effective and interesting organisations.
- **Sector research:** Through research into different sectors, such as domestic violence and youth offending, we explore specific social problems and areas of charitable work. Our reports map the role of government and charities in the area, identify gaps in services, highlight successful approaches, and explore where charities and funders should focus their efforts. While the aim is to help charities and funders to make more informed decisions about where they allocate their resources, we find that the research also provides context for trustees and management who are new to a field, and can stimulate change within a sector.
- **Structural research:** Our structural research looks at issues that affect the context in which all charities and funders work. It covers subjects such as allocating costs, contracting with government and reporting to funders. This research is intended to help identify and overcome barriers to effectiveness, so that the charitable sector can operate more successfully.

Underlying these three areas is NPC's commitment to measurement. Our measurement experts support many of NPC's activities by carrying out cost-benefit calculations and statistical analysis of primary data, and providing input on sampling, surveying, evaluating and interpreting results. This allows us to advise charities on what and how to measure; to advise funders on how to help charities to measure and articulate their impact; and to encourage funders to think about their own impact.

## Activities and performance

In last year's annual report, we planned to continue working in each of the areas of charity analysis, sector research, structural research and measurement. We also planned specifically to begin work on two projects: one on the impact of community organisations, the other a piece for government on the sustainability of the violence against women sector. Finally, we planned to produce a questionnaire to enable charities to measure well-being, and to produce reports on charity trusteeship and on NPC's charity analysis methodology.

Each of these targets has been met, with the exception of the final target—to produce a report on NPC's charity analysis methodology. The methodology has been used within NPC for over a year, but it has only been outlined in a summary report published in May 2009. The full report has been delayed by the strategic review, but will be published in early 2010 as *The Little Blue Book*.

The strategic and business planning process of 2008/2009 has ensured that targets set for future years are more specific than those set at the beginning of last year, in order to reflect more fully the research team's capabilities and potential.

## Charity analysis

One of the biggest changes at NPC in 2008/2009 was the move to scale back the donor portfolio service and to stop publishing charity recommendations. This happened for three reasons. Firstly, there was not sufficient demand from donors for recommended charities (see the consulting section below for more detail). Secondly, the model proved to be financially unsustainable: we could not cover the costs of maintaining and updating the 150 charity recommendations. Thirdly, the published two-page charity recommendation documents did not give a full picture of each charity or share lessons about effectiveness.

Instead of publishing charity recommendations, we decided from November 2009 to publish detailed charity analyses. These documents, usually around 20 pages long, show how analysis can help to identify effectiveness, and act as case studies that other charities can learn from. They allow us to talk about approaches that work well and approaches that do not work so well, and they showcase our analysis as a tool for helping charities and donors to improve performance. Charities can commission us to do the analysis directly, and are free to use the reports as they wish—for example, to help trustees and management to make changes to an organisation, or to help the charity raise its own funds.

A survey that we conducted in early 2009 shows the potential of our analysis to help charities to become more effective (see Box 2).

Our methodology for analysing charities has been developed and refined, and has evolved significantly from when *Funding success: NPC's approach to analysing charities* was published in 2005. The full update to *Funding success* was due to be published in the first quarter of 2009. However, after embarking on a strategic review, it made more sense to delay publication of the full update until after the review. So we published a summary of the revised methodology in May 2009, and the full update will be published in early 2010 as *The Little Blue Book*.

### Sector research

During 2008/2009, we published three reports on social issues:

- *Short changed: Financial exclusion* (July 2008)
- *Heads up: Mental health of children and young people* (November 2008)
- *Breaking the cycle: Charities working with people in prison* (February 2009)

Since the year end, we have added another six to this number:

- *Targeting support: Needs of groups helped by the Bankers Benevolent Fund* (September 2009)
- *Inspiring Scotland: Go Play Baseline Report* (September 2009)
- *Giving in India* (September 2009)
- *Starting strong: Early childhood development in India* (September 2009)
- *Getting back on track: Helping young people not in education, employment or training* (October 2009)
- *Rights of passage: Supporting disabled young people through the transition to adulthood* (November 2009)

The two reports on charities and philanthropy in India, both published in September 2009, are the result of a year-long pilot project, described in Box 3.

In a tough funding environment, NPC is doing more research in response to the specific needs of funders, and less in response to NPC's own research agenda.

### Box 2: Feedback on NPC's charity analysis

In January 2009, we conducted a survey of the charities we have analysed to establish how our analysis was being used and whether it was improving charity effectiveness. The response rate was 70% for charities that had been recommended and 26% for those that had not. The former group is more involved with NPC's work, so the higher response rate was therefore expected.

The results were encouraging. 96% of recommended charities and 42% of non-recommended charities found our analysis 'useful' or 'very useful'. Nearly half of the respondents reported that our work had led to changes in their organisation. The most common areas of change were in measuring results and talking to funders. Also, 74% of recommended charities said that NPC's recommendation improved their ability to attract funding from other sources.

The survey showed that some charities are taking effectiveness more seriously as a result of NPC's influence. In the words of one charity: 'Because of NPC, we have begun to work much harder at ensuring that measuring the results and effectiveness of our work is built into everything we do rather than being an afterthought.'

Funders are often reluctant to pay for research and knowledge that is provided freely. As well as holding NPC back, this holds back the creation of knowledge about the effectiveness of charities. This is frustrating for NPC, as we know from feedback and download figures that our sector research is widely used, often by the very funders that are reluctant to fund it. We are also told of its value by charities.

For instance, the impact of our 2007 report into autism, *A life less ordinary*, is apparent two years on as the National Autistic Society, under its new chief executive, takes a more collaborative approach to leading the autism sector. A charity recently remarked, 'Your research into autism did the sector a big favour in identifying the need for the National Autistic Society to become more collaborative.'

### Structural research

In 2008/2009, we made a concerted effort to strengthen our structural research. This research considers issues that affect the context in which charities and funders operate, and looks at how to make the charitable sector more effective. During and since 2008/2009, we have published six such reports:

- *Turning the tables in England: Putting English charities in control of reporting* (September 2008)
- *More advice needed: The role of wealth advisors in offering philanthropy services to high net worth clients* (October 2008)
- *Granting success: Lessons from funders and charities* (January 2009)
- *Board matters: A review of charity trusteeship in the UK* (May 2009)
- *What place for mergers between charities?* (June 2009)
- *Achieving more together: Foundations and new philanthropists* (July 2009)

Our structural research is proving to have an impact in the voluntary sector. For example:

- Our review of trusteeship, *Board matters*, generated extensive debate about the quality of trustees and what can be done to improve charity governance in the UK. The report sparked a number of initiatives and is being used by The Clothworkers' Foundation, which funded the research, to inform its own work in the field.
- *What place for mergers between charities?* has informed the Charity Commission's stance on mergers, which is now more explicitly directed towards encouraging trustees to regularly consider a merger. From speaking to trustees, we know that the research has generated discussions within several charities and trusts about whether merging is an appropriate strategic option.
- *Turning the tables in England* explores whether the monitoring and reporting burden for charities could be reduced. The project's findings informed the guidance for government on streamlined monitoring, produced by the National Audit Office (the government body that accounts for how public money is used).
- *Granting success* provides guidance on how to structure grants so that they have the most impact. After an active debate on this report at the Association of Charitable Foundations conference, a group of funders resolved to devise better ways to report on unrestricted funding, which *Granting success* identified as one of the key barriers to giving unrestricted grants.

### Box 3: NPC in India

Although NPC is based in the UK and its research is mainly focused on the UK, we have worked internationally in a number of ways over the years. For example, we have produced research reports on HIV/AIDS in South and Central Africa; we have published *Philanthropists without borders: Supporting charities in developing countries* and *Going global: A review of international development funding by UK trusts and foundations*; and we have provided support to a handful of wealthy individuals giving internationally.

Drawing on this background, in April 2008 we launched a pilot project in partnership with the Indian firm Copal Partners, a provider of financial analytics, business intelligence and research services, to test our research methodology in India. NPC provided its methodology, experience and quality control, and Copal provided a team of local staff to carry out research on the ground.

The pilot came to an end in April 2009. It resulted in a number of charity analysis reports and two sector reports—one on early childhood development, the other on water and sanitation. The latter is incorporated into an overview of giving in India. The research from the pilot is being disseminated through events for donors and trusted advisors, and will inform the support we provide to donors giving internationally.

Our experience from India will be invaluable as we collaborate with more international partners in the future to help them to adapt our charity analysis methodology in their local areas.

## Measurement

During 2008/2009, we published four reports that were specifically related to measurement and evaluation of charities' results:

- *Critical Masses: Social campaigning* (November 2008)
- *Valuing potential: An SROI analysis on Columba 1400* (November 2008)
- *How are you getting on?: Charities and funders on communicating results, An interim National Performance Programme report* (April 2009)
- *Everyday cares: Daily centres in Italy and the UK* (June 2009)

This year also saw the beginning of two new projects. The first, started in May 2009, is an action research study of community anchor organisations and their impact. The research aims to develop approaches to capturing and reporting the impact of community anchors, while reflecting the complex nature of these organisations' activities and interest groups.

The second new piece of research is a project on well-being, which began in July 2008. We are creating a questionnaire for 11 to 16 year olds to measure seven aspects of well-being, including self-esteem, satisfaction with school, and quality of relationships. The questionnaire is a statistically valid tool that has been rigorously tested with five pilot charities, and unlike existing tools, is designed specifically to suit the needs of charities. The well-being tool will help charities working with young people to better understand and communicate their impact, hopefully enabling them to attract funding and improve their services for the children they help.

The interim results of the project were published in a report called *Feelings count*, just after the year end in July 2009. There has been a huge, positive response to the report—within a few weeks of publication, we had received over 100 enquiries from charities, grant-makers and membership bodies interested in using the questionnaire. The response has confirmed the urgent need for such a tool.

## Future plans

We will continue to deliver research in the three main areas of charity analysis, sector research and structural research. We will also tender for research projects when appropriate, maintain relationships with key charities, and develop our charity analysis methodology. Rather than setting up projects in other countries and applying NPC's charity analysis methodology ourselves, as we did in India, we will instead support people in other countries to develop and apply our research methodologies themselves.

Our well-being tool will be launched in early 2010. This will involve translating NPC's questionnaire into an easy-to-use online format, and offering automated and bespoke analysis of its results to users. This service will be available to charities for a fee. Our aim is to create an industry standard tool for measuring well-being. If successful, we will also explore developing a tool for use with other age groups.

### In 2009/2010, we also aim to:

- publish the latest revision of our methodology for analysing charities—the update to *Funding success*—together with lessons learned from our experience so far;
- publish detailed analysis of individual charities, and use this to promote understanding about charity effectiveness;
- measure the impact of our decision to stop publishing charity recommendations;
- continue research into the impact of community anchor organisations;
- publish sector reports on young offenders and numeracy;
- start work on other sector research topics, such as helplines or carers, subject to funding; and
- scope the potential to develop a funder analysis framework, building on our charity analysis framework, which can be used to assess the effectiveness of funders.

NPC's research objectives are subject to the ability to obtain funding. Interesting research opportunities that are presented through tenders and funder enquiries, even if they are not identified as core, will also be considered.

### In 2010/2011, we aim to:

- review the progress and impact of our research;
- continue to deliver a funded research programme;
- publish the findings of the research into the impact of community anchor organisations;
- focus on structural research, while undertaking sector research when required;
- develop research partnerships to help us to participate in relevant tenders for research;
- publish detailed reports on charity effectiveness; and
- start research into funder effectiveness.



## Consulting

The consulting team works with charities and funders to help them become more effective. We also support intermediaries (that is, advisors to individuals or organisations, such as lawyers and private bankers) to provide philanthropy services to their clients.

- **Charities:** We offer charities help and support in increasing their own effectiveness through our new charity consulting service. The service includes charity health checks, strategic research and advice, advice on evaluation and impact frameworks, and training on issues related to effectiveness (such as measurement and trusteeship).
- **Funders:** We work with all sorts of funders, including individuals, foundations, government bodies and businesses. Our services include helping to define objectives, designing funding programmes, selecting charities, designing and implementing monitoring processes, and evaluating results.
- **Intermediaries:** We help intermediaries to develop a philanthropic offering, provide training on charitable giving, and supply information on philanthropy for intermediaries to use with their clients. NPC believes that there needs to be greater supply of philanthropy advice, both to encourage more donors to give and to inform and support their giving. Trusted advisors are essential to the provision and signposting of advice, which is why NPC has invested significant effort in this area.

### Activities and performance

In last year's annual report, we planned to expand our client base to include two new groups: charities and government. We also decided to explore how to work with clients who are based overseas or who are interested in giving overseas. Finally, we planned to increase our work with intermediaries, in order to build greater demand for, and to increase the provision of, philanthropy advice in the UK.

As illustrated in the following sections, we are making good progress towards each of these targets. We are aware that the targets we set at the beginning of the year are very broad. The strategic and business planning process of 2008/2009 has ensured that targets set for future years are more specific and comprehensive.

#### Charities: Charity consulting service

Anecdotally, charities have reported positively on our work with them. This is confirmed by our survey in January 2009, in which 96% of recommended charities and 42% of non-recommended charities found our analysis 'useful' or 'very useful' (see Box 2). Yet our experience of analysing charities has shown that many struggle to assess their effectiveness and demonstrate their impact.

In response to this need, and to build on our previous work with charities, we developed a charity consulting service. Through this service, we work alongside charities to help them to improve their effectiveness and the way they communicate their results. In late 2008, we piloted the service with our first charity client, the Lucy Faithfull Foundation. This project proved to be a success (see Box 4), so we have been publicising the service more widely. There has been interest from charities of all sizes, across a range of sectors. The charity health check and measurement services seem to be particularly popular. Charities view these as important to inform their own learning and development, and to support their fundraising.

Since the year end, we have started a project for the national domestic violence charity, Co-ordinated Action Against Domestic Abuse (CAADA). We are verifying and enhancing a cost-benefit analysis of multi-agency risk assessment conferences to help victims of domestic violence. We have also started a project for Tower Hamlets Summer University, a charity that works with young people through innovative educational opportunities. We are writing an impact report for the charity based on its existing data, as well as advising on future data collection and analysis.

### Funders: The portfolio service

Towards the end of 2008, we decided to scale back our portfolio service for individual donors (a type of brokerage service through which we provide donors with a 'portfolio' of NPC charity recommendations to fund). Over four years of proactively selling this service, we discovered that demand was lower than we had anticipated.

This low level of demand had two implications. Firstly, it made the service financially unsustainable: the cost of finding suitable donors and keeping NPC's charity recommendations up to date was greater than the revenue generated. Secondly, it meant that we were not delivering the impact we had hoped to deliver: to have donors funding effective charities more widely. We learned that for most individual donors, the rational argument for effectiveness did not override the emotional and personal aspect of a decision. Rather than wanting pre-selected effective charities, most donors instead wanted help assessing or improving a charity of their own choice.

Because of this, we decided to stop making charity recommendations and to reduce the portfolio service. Although the portfolio service is no longer being offered, it will take some time to wind down completely, as we still have commitments to existing clients to report on donations. In the future, we will still advise donors on individual charities, but only on a bespoke basis, through commissioned charity analysis.

### Funders: Increasing effectiveness

Having wound down our portfolio service, our focus for funders is now firmly on strategic advice and support that helps funders to become more effective.

Our consulting services for funders aim to ensure that funding is used more thoughtfully and strategically, so that it creates a greater impact. We do not yet have a system in place for systematically tracking the impact of our strategic advice, but clients are positive about the service they receive and the difference our advice makes. Box 5 and Box 6 give two examples of what we have achieved with clients we have worked with in 2008/2009.

Although we primarily focus on UK-based clients, we have been increasingly called on in the last year to provide advice and support to clients based outside the UK, or who are interested in giving internationally. As explained further in *Future plans*, below, we are happy to carry out work of this kind where we can add value. Where we do not have the expertise, we signpost people to other organisations.

For the first time, we have published the findings from a consulting project. In the first half of 2009, we reviewed the giving strategy of the Bankers Benevolent Fund, in order to help the grant-maker understand how it could make the greatest impact through its grants. The report, *Targeting support: Needs of groups helped by the Bankers Benevolent Fund*, was published in September 2009. By publishing this work, we hope that our consulting work will have a broader impact, influencing funders and also charities more widely.

#### Box 4: Charity consulting pilot

The Lucy Faithfull Foundation (LFF), a charity working to prevent child sexual abuse, approached NPC to help it to improve the monitoring and evaluation of its Stop it Now! campaign. Stop it Now! combines public education with a helpline aimed at people concerned about their own behaviour or that of others.

NPC ran three workshops for LFF staff and partner organisations. Through these workshops, NPC helped LFF to clarify its theory of change, the outcomes it wanted to achieve and the indicators it could use to measure progress.

Donald Findlater, deputy director of LFF, said: *'We now have a common framework [shared goals across our different projects], which allows us to be more responsive to the needs of the people we work with. NPC worked alongside us, helping us to find our way—and they made it fun. This could have been a dry piece of work but it wasn't.'*

### Box 5: Focusing giving

A wealthy couple had been giving to charities for years. Like many donors, they chose causes that tugged their heartstrings, giving to a homeless shelter after seeing people on the streets of London, and giving to an international development project after visiting Ghana. But this approach to giving was random and unfulfilling.

The couple set up a charitable trust, but the challenges only multiplied and the trust was inundated with applications. *'We gave in a really ad hoc way,'* they said. *'It was not very rewarding or engaging.'*

Through a series of three-hour workshops in 2008 and 2009, NPC helped the couple to revisit their motivations for giving, think about what they wanted to achieve, and devise a strategy for giving. They also learned how to involve their trustees in a meaningful way, actively engaging them in the funding process. *'We walked in not knowing how to do it, and walked out with a clear idea of the next steps. NPC made us realise that the process is not as intimidating as it first seems; it is actually doable.'*

The couple's giving is now more focused and informed, and their trustees are becoming more involved. They are developing deeper relationships with international development charities to give their money away more strategically than before, and they are drawing on the expertise of another funder in their local area to find charities to fund.

### Intermediaries

In the summer of 2008, NPC (together with wise in Switzerland and Bertelsmann Stiftung in Germany) commissioned Scorpio Partnership to undertake a piece of research on the role of wealth advisors in offering philanthropy services to high net worth clients. This followed a related piece commissioned the year before. The research resulted in the publication of *More advice needed: The role of wealth advisors in offering philanthropy services to high net worth clients* in October 2008.

The research found that philanthropy is important to the business of wealth advisors, with 60% of participants believing that it would become a core pillar of private client services within five years. However, the report also highlighted that few advisors feel adequately trained to discuss philanthropy with clients, and few clients are aware of the philanthropy services on offer from their advisor.

In April 2009, we launched a training programme to build trusted advisors' confidence in discussing philanthropy with their clients. So far, we have run two of these sessions and trained twenty private client advisors, including bankers, lawyers and multi-family offices. We also provide a quarterly email update to almost 800 intermediaries on developments within the philanthropy industry.

On the research front, we are working on a report that aims to provide an analysis of the state of the philanthropy advice market in the UK, and to suggest concrete proposals for developing this market. The report has two main recommendations: first, that collaboration is needed across the advisor industry to share information and knowledge, and to build a 'community of practice'; and second, that leadership is needed to shape the philanthropy advice market and spur its development.

Tied in with this research, which is due for publication in early 2010, we are setting up a steering group of interested organisations to take some of the suggested proposals from the report further.

## Future plans

In 2009/2010, we plan to continue to deliver consulting products to different kinds of funders, and to promote our new consulting services for charities. We will also work to raise the profile of NPC's consulting through external events and by publishing examples of consulting projects.

When it comes to international work, we will seek clients looking for help with measurement or strategic issues where the content is not UK-specific (for example, designing impact frameworks). Where clients request work that has international content (such as knowledge of a charity working in another country or knowledge of a development issue), we will do the work if the client is willing to cover the cost of the work needed, and if we feel that we can deliver work of good quality.

### More specifically, in 2009/2010 we aim to:

- develop and promote our charity consulting service;
- promote NPC's expertise in measurement, evaluation and economic analysis as a service that funders and charities can commission;
- provide our 'start-up' service for new philanthropists more widely;
- raise the profile of our consulting work and use our knowledge and experience to contribute to broader debates and influence the work of others;
- set up a steering group of interested organisations across the advisor spectrum (bankers, lawyers, family offices, philanthropy experts) to create and implement new initiatives to develop the philanthropy advice market (this steering group met for the first time in late 2009); and
- develop and trial a framework to allow us to identify the impact of our consulting work.

### In 2010/2011, we aim to:

- firmly establish NPC as the place to go for advice on effectiveness;
- grow our charity consulting service and develop it as a mainstream offering;
- grow our measurement and evaluation products for charities and funders;
- develop partnerships to support us in winning and delivering work, including internationally where appropriate; and
- increase awareness of NPC's services among our target markets in the rest of Europe and the US.

## Box 6: Evaluating funding

In early 2009, the Paul Hamlyn Foundation (PHF) commissioned NPC to conduct a review of grants under its 'tackling school exclusion and truancy' theme. NPC evaluated 51 grantees that received funding between 2005 and 2008. These findings were augmented with detailed case studies on eight of PHF's grantees.

PHF wanted to deepen its understanding of what its grantees had achieved in order to assess what difference PHF's funding had made. The results from the review are being used to improve the impact of PHF grant-making under the truancy and exclusion theme, and NPC continues to support the review process.

‘NPC’s consultancy helped our charity to take a significant step forward in a very short time.’

Richard Cloudesley’s Charity



*Photo: Kristian Buss*



# Communications

The communications team is responsible for marketing NPC, its mission and services, focusing on three main areas:

- **Promoting NPC's mission, products and services:** We build awareness about NPC through PR, publications, our website and blog, marketing materials and direct mail. We also ensure that all of our public knowledge, including research, methodologies and tools, is shared as widely as possible, by making all of our materials available to download for free from our website.
- **Shaping the debate on effectiveness:** Through publishing opinion pieces, writing our blog and speaking at events, we build NPC's profile as a thought leader on issues relating to charity and funder effectiveness, and open up debate on key topics. This work is also supported by partnerships, as discussed further in the *Structure, governance and management* section below, and our nascent public affairs work.
- **Embedding a communications and campaigning approach in all of our activities:** The communications team provides internal support to NPC's other teams on messaging and product development. We also help to create an impact from NPC's work by disseminating the knowledge of the research and consulting teams and embedding communications activities into different products—for example, identifying campaign goals at the start of a project.

## Activities and performance

In last year's annual report, we planned to focus on disseminating NPC's messages about charity and donor effectiveness, and on highlighting NPC's role in promoting effectiveness. We also planned to market NPC's services and products to a range of client groups.

More specifically, we aimed to update our marketing materials to reflect the restructuring of NPC and the new services that have been developed over the year. As explained further below, this target was met by the end of 2009—new marketing materials have been produced and our website has been fully updated. Our plan to develop a new public affairs programme in 2008/2009, building on existing relationships with key figures in government, has begun and will be developed further in 2009/2010.

As with the targets set last year for the research and consulting teams, we are aware that the targets for the communications team are not detailed or comprehensive enough to reflect the team's activities or potential this year. The strategic and business planning process of 2008/2009 has ensured that targets set for future years are more useful and specific.

### Promoting NPC's mission, products and services

As NPC has been through significant strategic change in 2008/2009, one of the main focuses for communications activities this year has been positioning NPC's services accurately with our target markets. This has largely been about challenging misperceptions that NPC is solely focused on advising wealthy individuals about their giving. We have therefore worked on positioning NPC as a thought leader and an organisation that helps both charities and funders to be more effective, so that more lives can be helped. We have also communicated the uniqueness of our approach, the benefits of our blend of research, consulting and communications activities, and the increasingly international nature of our work.

This repositioning is understandably a long-term project that is stretching into 2009/2010. It is taking place through conversations with key stakeholders—particularly funders and charities—as well as through updating marketing materials and our website.

In marketing NPC, our website is the primary tool that we use to explain and promote our mission, products and services. During 2009, we updated its structure and content to reflect the changes that had taken place within NPC. We also improved site navigation and search engine optimisation. In June 2009, NPC's website received around 6,000 unique visitors, and around 2,000 reports were downloaded (twice the number of downloads in June 2008).

We have also produced a new range of marketing materials to describe the benefits of our consulting services for charities, donors and trusted advisors. These materials are used in meetings with prospective clients, disseminated at events, and downloaded from our website.

Each edition of our quarterly magazine, *Giving Insights*, goes out to nearly 20,000 people. Over the last year, *Giving Insights* has included interviews with the dotcom entrepreneur Martha Lane Fox, and broadcaster and journalist Sir Trevor McDonald. We have increased our range of topical and thought-provoking articles—for example, we have produced articles on public spending cuts, on whether charities should run prisons, and on the recession. We have also increased our external contributors, with input, for example, from The Place2Be's Benita Refson and *The Economist's* Matthew Bishop. Finally, through *Giving Insights'* regular *Go figure* column, we promote an analytical approach to thinking about charities and demonstrate how charities can communicate their impact by analysing the costs and benefits of their work.

We have made considerable progress with digital marketing and social media this year. In March 2009, we started promoting our research and opinions on the social networking site Twitter, and by November 2009, we had 700 people following our profile. In May 2009, we launched the NPC blog, which receives, on average, 320 unique visitors every week. The blog has been widely picked up by other organisations. For example, between March and September 2009, NPC appeared in the *Chronicle of Philanthropy's* roundup of blogs seven times.

The success of our blog demonstrates how NPC's profile has grown over the year. This increased profile is also reflected in positive mentions by some of the sector's leading commentators outside of the UK. For example, in April 2009, on his *Tactical Philanthropy* blog, Sean Stannard-Stockton referred to NPC as 'the leading charity research group in the UK ... They do great work and selfishly I wish they would open US offices and start looking at US nonprofits.'

Our PR efforts have resulted in high-quality coverage of NPC's research, services and broader mission. For example, our report on child mental health, *Heads up*, launched in November 2008, received coverage in more than 100 publications, including regional and specialist news, as well as national media such as the Channel 4 website and *Woman's Hour*. Box 7 details some of the impact of our PR efforts for two recent reports.

### Box 7: The impact of PR

NPC's review of trusteeship, *Board matters*, was launched in May 2009. It was discussed in the *Financial Times* and the *Evening Standard*, and generated extensive debates in the voluntary sector about the quality of trustees and what can be done to improve the performance of boards.

Off the back of *Board matters*, NPC has spoken at three different conferences about the findings of the research, and has been invited to speak at a corporate firm interested in helping employees to become better charity trustees. The Clothworkers' Company, which commissioned the research, plans to continue to partner with NPC so that we can work together to make sure the research has an impact.

Another report that has generated significant press interest and debate is *What place for mergers between charities?*, launched in June 2009. The report has been downloaded almost 1,000 times from NPC's website and was covered in national newspapers (the *Guardian* and the *Financial Times*), in industry press (*Third Sector Magazine*) and on BBC Radio (Five Live and BBC Wales).

Since the mergers report, NPC has spoken at several events, including a seminar held by KPMG in October 2009. The report has informed the Charity Commission's stance on mergers, which is now more explicitly directed towards encouraging trustees regularly to consider merging. We have also been told by trustees that the report's findings have caused discussions within several charities and trusts about whether a merger is an appropriate strategic option.

## Shaping the debate on effectiveness

One of the key ways that NPC shapes the debate on charity and donor effectiveness is through speaking at conferences and events. Our chief executive, Martin Brookes, is increasingly invited to speak at conferences, and these speeches often generate debate as well as media coverage. Other NPC staff also contribute to various events, and in total, we have spoken at or chaired around 25 conferences and events in 2008/2009, including:

- *'The importance of measuring effectiveness in proving public benefit'*, Westminster Legal Policy Forum: The Future of the UK Third Sector—proving 'public benefit', June 2009.
- *'Building a dialogue with donors in the current economic climate'*, the Charity Finance Directors' Group annual conference: 'Managing in a recession', May 2009.
- *'The role of charities in education'*, Coutts philanthropy education seminar, April 2009.
- *'The rewards of family philanthropy'*, BNY Mellon Wealth Management conference: The Family Wealth Paradigm, March 2009.
- *'On the bright side: Measuring the impact of charities on children's subjective well-being'*, Fondazione Oliver Twist event for Italian trusts and foundations, March 2009.
- *'The difficulties charities will face in fund raising in the current climate, and the changes they will need to make'*, acevo Annual Conference: Raising funds in difficult times, November 2008.
- *'Measuring effectiveness—the way forward'*, NCVO/VSSN: Researching the Voluntary Sector, September 2008.

As well as contributing to other organisations' events, this year we have also started to host our own events, in order to disseminate and promote our messages. The key event of the year for NPC was a conference that we hosted in May 2009 in partnership with Bertelsmann Stiftung. We held this conference to explore the possibility of creating an Association of Nonprofit Analysts, as Box 8 describes. We have also held two events with the European Association for Philanthropy and Giving—one on trusteeship and one on mergers.

Such events and partnerships reflect NPC's role in supporting philanthropy and shaping debate in the field. Other collaborations that we are involved in are explained below, in the *Structure, governance and management* section.

In 2009, we began to develop a new public affairs programme. Our profile has since grown among politicians and civil servants, and we have met with several decision-makers, including in the National Audit Office, the Treasury and the Office of the Third Sector. We have also provided input to the Philanthropy Ambassador, Dame Stephanie Shirley, on what we see as the priorities for government in promoting philanthropy.

### Box 8: Valuing impact: Building an Association of Nonprofit Analysts

On 19 May 2009, NPC and Bertelsmann Stiftung hosted a conference in London, *Valuing impact: Building an Association of Nonprofit Analysts*.

The conference brought together 200 professionals from more than 20 countries to explore the potential role of an Association of Nonprofit Analysts, and to put the issue of effectiveness firmly on the agenda of leading thinkers and practitioners.

Responses to the event were encouraging. More than one person mentioned the *'great buzz'*. Others called it *'groundbreaking and diverse'*, *'very stimulating and informative'*, and *'an excellent day'*. Keynote speaker, Matthew Bishop, said: *'Charity analysis can transform both the sector and the way that money works in society as a whole ... I think that this will be a significant meeting that will be looked back on as a turning point in philanthropy.'*

The proposed Association would be made up of individuals and organisations from around the world, dedicated to the analysis of nonprofits, including grant-makers, venture philanthropists, philanthropic advisors, social impact consultants and academics. The Association would have several benefits:

- It would make it easier for analysts to share practice and learn from each other, forming relationships across organisations and across continents.
- It would help to promote nonprofit analysis as a legitimate and recognised activity, giving it a supportive framework.
- It would improve the sector, encouraging higher standards, better frameworks, and clearer judgements about the performance of nonprofits.

Since the conference, NPC has reviewed feedback and, together with Bertelsmann Stiftung, is seeking to build a broad coalition of organisations to take the initiative forward. To this end, the two organisations are seeking support for the initiative and considering the practicalities of establishing an Association, including its governance structures and funding requirements.

## **Embedding a communications and campaigning approach in all of our activities**

The communications team has implemented several new internal systems and processes in 2008/2009, to support the research and consulting teams and to make the most of NPC's knowledge and expertise. For example, we have:

- implemented a new report writing process, which coordinates the different activities involved from writing to publication;
- created a toolkit for writing proposals, which streamlines application processes and ensures that our proposals are consistent and of a high quality;
- improved the quality of our work, including formalising the process for editing and proofing, providing writing training sessions from external trainers for all NPC staff, and supporting staff who are preparing to deliver speeches.

## **Future plans**

One priority for the communications team in 2009/2010 is to improve the way we assess our impact. Since October 2009, we have been using a standard format for analysing our website and blog statistics, which is reported monthly. This is important because it will give us an indication of who is interested in our work, the profile we have in the sector and how well our website and blog are helping NPC to achieve key aims.

At the beginning of 2009/2010, we started to analyse our media coverage in more detail, looking at how NPC is described in the press, how prominent our coverage is, and what our coverage focuses on.

A new area of work, expected to grow in 2009/2010, is our public affairs programme, which will encourage policy-makers to take on board the importance of effectiveness in the way government works with charities. Initially, our public affairs work will involve mapping out NPC's audience within government and clarifying our public affairs message in the form of a short manifesto. We will meet each of the government's third sector champions, and research political parties' stances on charity and philanthropy.

### **In 2009/2010, we also aim to:**

- refresh our website and complete our new suite of marketing materials, updating content to reflect the repositioning we have been through in the last year; and
- take forward the Association of Nonprofit Analysts, in partnership with Bertelsmann Stiftung, building a broad coalition of supporters.

### **In 2010/2011, we aim to:**

- continue to build dialogue around NPC's work, and to extend our profile as a thought leader on effectiveness;
- create products, services and initiatives that incorporate communications and campaigning;
- continue to build on our repositioning, including consolidating communications materials and considering a brand refresh; and
- build NPC's profile as a commentator and campaigner on charity policy.

‘Ministers privately speak approvingly of NPC and its attempt to separate fact from myth in the opaque world of charity performance.’

Patrick Butler, Society Guardian



Photo: Magic Me



# Financial review

The Statement of Financial Activities for the year is set out on page 37 of the financial statements.

## Financial activities and results

In 2008/2009, total incoming resources amounted to £3,156,160 (2008 £5,634,752). Included in this amount is £796,964 (2008 £3,262,030) of donations from donor clients. These donations are used to make grants to charities in accordance with the preferences of the original donors and are not used by NPC to fund its core activities. Following our decision to scale back our portfolio service to individual donors, we expect these donations to decline to zero over the next two years.

If the client donations are excluded from NPC's revenue, the net revenue was £2,359,196 (2008 £2,372,722). Of this income, £1,140,192 or 48% (2008 £762,551 or 32%) came from grants and fees, an increase of 50% on the previous year. A further 2% of income was from investment income, other income and individual donations. The remaining 50% of income was provided by our trustees, compared with 66% from trustees in the previous year.

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 declined by 9%.

## Funding

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

NPC's recent strategic review calls for us to reduce our dependence on trustee funding by expanding the client base for our consulting services to include both charities and government, and by seeking both project and strategic grants.

## 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. The trustees have engaged Cazenove Capital Management as investment managers and invested in a cash fund run by Barclays Global Investors. The policy is to invest in low-risk marketable instruments focusing on maximising income. The returns are measured against short-term deposit rates. As of 30 June 2009, there were investment funds totalling £26,708 (2008 £25,425) held in the fund.

## Reserves

NPC had unrestricted reserves of £54,610 at 30 June 2009 (2008 £112,959). In addition, at the year end, we had pledges for £967,000 of funding from our trustees and £375,000 of committed fee and grant income. Average monthly expenditure in the year to 30 June 2010 is expected to be £171,000. The total of unrestricted reserves and pledged donations and fees will therefore cover just under eight months of expenditure. The trustees are satisfied that, in the light of NPC's increased emphasis on generating fee income, this is sufficient to ensure that our future spending objectives can be met.

## 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 2009.

## Auditors

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



# Structure, governance and management

NPC is a charitable company limited by guarantee, incorporated on 2 July 2001 and registered as a charity on 27 March 2002. The organisation was established under a memorandum of association, which established the objects and powers of the organisation and is governed under its articles of association.

## 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, including appointment to a committee.

Trustees are appointed by the board and serve for four years, after which period they may put themselves forward for reappointment. The trustees meet four times a year. Those in office during 2008/2009 and at the date of this report are set out on page 33.

Nigel Morris and Stephen Rumsey resigned from the board of trustees during the year. We are grateful to them for their significant contributions to NPC's work.

## Induction and training

On appointment, each trustee subscribes to a code of conduct and completes a register of interests, which is renewed annually. New trustees receive a job description, together with the Charity Commission leaflet CC3—*The Essential Trustee: What you need to know*. They meet with 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 operating committee meets monthly to review performance and provide guidance on both operational and strategic issues.

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

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

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

## Statement of responsibilities of the trustees

The trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and charity and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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 the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the trustees confirms that to the best of his or her knowledge there is no information relevant to the audit of which the auditors are unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 30 June 2009 was nine (and at 30 June 2008 was 11). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the group or the charity.

## Management and staff

### Restructuring

In April 2008, Martin Brookes became NPC's new chief executive. It was the start of a challenging year for NPC: the research programme was not attracting enough funding, and the portfolio service for individual donors was not delivering the revenues needed to justify the investment in finding clients. At the same time, several positive changes were emerging: NPC was receiving more recognition for its contribution to the debate on effectiveness; the early investment in our measurement unit was starting to deliver benefits; and charities increasingly reported that our analysis and advice were useful.

These changes showed that NPC needed a major rethink in strategy and direction, and 2008/2009 has therefore been a year of repositioning and restructuring, both to make financial savings and to reflect our changing priorities.

In October 2008, the client development team and the advisory team merged to become the consulting team. The work of the two teams increasingly overlapped, and merging them was a natural development. In addition, the consulting team was restructured to reflect NPC's decision to dedicate fewer resources to proactively finding individual donor clients. This resulted in three redundancies.

In November 2008, a new post, head of strategy, was created to help drive and refine our approach, and to advise on the development of generating revenue.

In January 2009, the research team also went through changes. The team moved away from a subject-based structure (with community, education, health and measurement units) and towards a more unified structure, covering sector analysis, charity analysis and measurement. Because of financial pressures, there were four redundancies in the research team at this time.

Integral to the restructuring has been a new emphasis on the integrated working of the research, consulting and communications teams. Although individuals are line managed within their teams, and activities may sit within a team, staff now spend much of their time working on cross-team projects.

2009/2010 needs to be a year of consolidating the changes made last year, and delivering on the priorities emerging from our strategic review.

### Organisational structure

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, Martin Brookes. 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 head of strategy, the head of consulting, the head of communications, a representative of the research team and the HR consultant.

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

At 30 June 2009, we had 30 employees, of whom five worked part-time, giving a full-time equivalent workforce of 28.

### Volunteers

During the year, eight volunteers donated the equivalent of a total of 18 months of work to NPC. The volunteers worked in our communications, research and operations teams. We estimate that the value of work donated is £55,000.

We are very grateful to the Civil Aviation Authority for seconding one of its senior executives to work in NPC's operations team. This placement is for four days a week for 18 months, beginning in January 2009.

### Intelligent Giving

In August 2009, NPC acquired Intelligent Giving's intellectual property after it wound down. Intelligent Giving is an independent donor advisory website with a mission to make giving more effective. Its website contains profiles of the largest 500 fundraising charities in England and Wales, assigning scores for the quality of reporting and transparency of their annual report and accounts.

NPC has taken over Intelligent Giving's brand and website and is looking for ways to develop its message on transparency in the charity sector.

### Collaborations

To deliver our ambitious goals, we work with other individuals, organisations and networks that also want to make charities and funders more effective. 2008/2009 has been an important year for developing important relationships and strategic partnerships.

- Since 2007, we have been helping **Bertelsmann Stiftung** in Germany to set up an organisation based on NPC's model. This relationship developed in 2008/2009, and we continue to advise the foundation on its research and methodology. We also co-hosted a conference in May 2009 (see Box 8 above). The foundation continues to fund NPC, and we are working together to take forward the proposed Association of Nonprofit Analysts in 2009/2010.
- We teamed up with **Copal Partners** to carry out a year-long research project that ended in April 2009, to test our methodologies in India (see Box 3 above).
- In May 2008, we began a strategic relationship with **The William and Flora Hewlett Foundation** in the US. As well as providing us with core funding for two years, the foundation is giving us feedback on our strategy and direction, helping us to develop relationships in the US, and supporting us in developing new initiatives.
- We are part of the consortium running the Office of the Third Sector's **Measuring Social Value** project, together with SROI UK, the New Economics Foundation, Charities Evaluation Services and the National Council for Voluntary Organisations.

- Since 2008, we have been carrying out research in the **National Performance Programme**, which is funded by Capacitybuilders' National Support Services programme. It is led by Charities Evaluation Services in partnership with NPC, acevo, the New Economics Foundation and Voice4Change England.
- In May 2009, we began a new partnership with the **Institute for Voluntary Action Research** to work on a project together looking at the impact of community anchor organisations. This project is in collaboration with the Community Alliance (bassac, Community Matters and the Development Trusts Association).

In less formal partnerships, we have offered advice to people from as far afield as Brazil and Japan, who want help adopting and adapting NPC's methodologies for their own local circumstances.

We also collaborate with organisations by sitting on their boards. For example, we sit on the editorial board of Philanthropy UK, which gives us the opportunity to support another organisation that promotes philanthropy. We also sit on the Family Hive advisory board, and are part of the ImpACT Coalition's steering group.

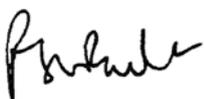
Finally, NPC or NPC staff are members of 16 networks and associations, including the Economic and Social Research Council, the European Association for Philanthropy and Giving, the European Foundation Centre, the National Council for Voluntary Organisations, and the SORP Committee.

We anticipate more collaborations in the future, and we plan to explore possibilities and develop relationships where it will help us to achieve our goals.

**Risks**

NPC has a comprehensive risk register, in which all risks are evaluated and graded. The trustees regularly review in detail the external and internal risks that NPC faces, and the strategies and controls that have been put in place to mitigate or address those risks. Key risks to NPC in 2008/2009 were:

Risk	Risk management
NPC's investment in starting and growing the charity consulting service does not pay off in terms of revenues or impact.	Track resources invested and progress made against expectations. Review quarterly.
Communication of NPC's changed priorities, such as reducing the donor portfolio service, fails.	Address audiences through a strong communication strategy. Track perception of NPC and respond as appropriate.
Independence is called into question due to (perceived or real) conflict of interest from advising funders and charities.	Publish the conflict of interest policy, including a commitment to transparency on our charity consulting clients, and make clear before any work is commenced where there may be an issue.
Key staff are not retained, or additional quality staff are not recruited.	Agree a development plan and training requirements for all staff. Establish processes for knowledge sharing, and when staff leave, conduct exit interviews. Have a proactive hiring plan, with an attractive benefits package.
Knowledge base of research team declines, either at sector level or in terms of charity analysis skills.	Share knowledge internally and ensure that at least two people know about each sector. Ensure that new analysts learn information as part of the induction process. Track the level of charity analysis skills in the team, and support development if necessary.
Research, consulting and communications activities are not integrated and therefore do not deliver the full potential impact.	Emphasise knowledge sharing, for example, through team meetings and regular updates. Write up experiences and knowledge gained, for internal and external purposes. Have joint teams on all research projects.
Revenue from consulting and research grants and fees falls below target.	Identify clear targets. Expand the range of services and client groups. Improve marketing materials and web information and raise the profile of NPC's services and experience. Review progress weekly against targets to identify potential issues early.
Targets for unrestricted funding, needed to invest in research and development activities, are not met.	Identify clear targets. Start conversations with potential funders early. Raise NPC's profile amongst potential funders. Make the most of good references and contacts from existing funders.



Peter Wheeler, Chair, 25 January 2010

## Reference and administrative details

<b>Charity registration number</b>	1091450
<b>Company registration number</b>	4244715
<b>Trustees</b>	<p>Peter Wheeler (Chair)</p> <p>Jon Aisbitt</p> <p>Gavyn Davies</p> <p>Kathleen Duncan</p> <p>Rishi Khosla</p> <p>Peter Mallinson</p> <p>Harvey McGrath</p> <p>Nigel Morris (Resigned 31 March 2009)</p> <p>Baroness Julia Neuberger</p> <p>David Robins</p> <p>Stephen Rumsey (Resigned 1 June 2009)</p>
<b>Governance committee</b>	<p>David Robins (Chair),</p> <p>Jon Aisbitt</p> <p>Peter Wheeler</p>
<b>Operating committee</b>	<p>Martin Brookes (Chair)</p> <p>Jon Aisbitt</p> <p>Kathleen Duncan</p> <p>Baroness Julia Neuberger</p> <p>David Robins</p> <p>Peter Wheeler</p>
<b>Remuneration committee</b>	Gavyn Davies and Harvey McGrath
<b>Audit committee</b>	Jon Aisbitt (Chair) and Kathleen Duncan
<b>Chief Executive</b>	Martin Brookes
<b>Chief Operating Officer and Company Secretary</b>	Jocelyn James
<b>Registered office</b>	3 Downstream Building, 1 London Bridge London SE1 9BG
<b>Auditors</b>	Sayer Vincent 8 Angel Gate, City Road, London EC1V 2SJ
<b>Bankers</b>	NatWest, Charing Cross Business Centre, 3rd Floor, Cavell House London, WC2H 0NN
<b>Investment managers</b>	Cazenove Capital Management Limited 12 Moorgate, London, EC2R 6DA



Photo: Kristian Buus

# FINANCIAL STATEMENTS

## Independent auditor's report to the members of New Philanthropy Capital

We have audited the financial statements of New Philanthropy Capital for the year ended 30 June 2009, which comprise the consolidated statement of financial activities, balance sheet, and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the trustees and auditors**

The responsibilities of the trustees (who are also the directors of New Philanthropy Capital for the purposes of company law) for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of responsibilities of the trustees.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you, whether in our opinion, the information given in the trustees' annual report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chief Executive's report and the Chair's report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view of the charitable company's affairs at 30 June 2009, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the trustees' annual report is consistent with the financial statements.

### **Catherine L Sayer**

Senior Statutory Auditor

For and on behalf of Sayer Vincent, Statutory Auditors

28 January 2010

### **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 2009

	Notes	Unrestricted Funds <sup>i</sup>	Restricted Funds <sup>ii</sup>	Total 2009	Total 2008
		£	£	£	£
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	1,213,361	796,964	<b>2,010,325</b>	4,818,270
Investment income	3	4,568	–	<b>4,568</b>	25,042
<b>Incoming resources from charitable activities</b>					
Consultancy fees		389,945	–	<b>389,945</b>	605,318
Grants and research fees	4	314,573	435,674	<b>750,247</b>	157,233
<b>Other incoming resources</b>	5	1,075	–	<b>1,075</b>	28,889
<b>Total incoming resources</b>		<b>1,923,522</b>	<b>1,232,638</b>	<b>3,156,160</b>	<b>5,634,752</b>
<b>RESOURCES EXPENDED</b>					
<b>Cost of generating funds</b>	6	44,164	–	<b>44,164</b>	79,607
<b>Charitable activities</b>					
Research	7	1,149,916	372,145	<b>1,522,061</b>	1,620,232
Consultancy	7,8	744,934	768,529	<b>1,513,463</b>	4,081,974
<b>Governance costs</b>	9	42,857	–	<b>42,857</b>	23,387
<b>Total resources expended</b>		<b>1,981,871</b>	<b>1,140,674</b>	<b>3,122,545</b>	<b>5,805,200</b>
<b>Net (expenditure)/income for the year and net movement in funds</b>	10	(58,349)	91,964	<b>33,615</b>	(170,448)
<b>Balance brought forward at 1 July</b>		112,959	193,536	<b>306,495</b>	476,943
<b>Balance carried forward at 30 June</b>	21	54,610	285,500	<b>340,110</b>	306,495

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 40–52 form part of these financial statements.

<sup>i</sup> *Unrestricted funds* are funds that can be used in accordance with the charitable objects at the discretion of the trustees.

<sup>ii</sup> *Restricted funds* 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.

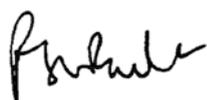
# New Philanthropy Capital Balance Sheet

As at 30 June 2009

	Notes	2009 £	2008 £
<b>Tangible fixed assets</b>	14	-	-
<b>Investments</b>	15,16	<b>10,001</b>	10,001
<b>Current assets</b>			
Debtors and prepayments	17	<b>272,014</b>	283,971
Cash at bank and in hand	18	<b>238,453</b>	285,274
		<b>510,467</b>	569,245
<b>Creditors: amounts falling due within one year</b>	19	<b>(180,358)</b>	(272,751)
<b>Net current assets</b>		<b>330,109</b>	296,494
<b>Net assets</b>		<b>340,110</b>	306,495
<b>Funds</b>			
Unrestricted funds	20,21	<b>54,610</b>	112,959
Restricted funds	20,21	<b>285,500</b>	193,536
<b>Total funds</b>		<b>340,110</b>	306,495

The notes on pages 40–52 form part of these financial statements.

The financial statements were approved by the trustees on 25 January 2010 and signed on their behalf by:



**Peter Wheeler**  
Chair

Company No: 4244715

# New Philanthropy Capital

## Cash flow statement

For the year ended 30 June 2009

	Notes <sup>i</sup>	2009 £	2008 £
<b>Net cash flow from operating activities</b>		<b>(106,054)</b>	(13,621)
Investment income	3	<b>4,568</b>	25,042
<b>(Decrease)/increase in cash net of overdraft</b>	18,19	<b>(101,486)</b>	11,421

### 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>		<b>33,615</b>	(170,448)
Donation of non-cash asset received	15	–	(10,000)
Investment income	3	<b>(4,568)</b>	(25,042)
(Increase)/decrease in debtors	18	<b>11,967</b>	80,667
(Decrease)/increase in creditors excluding bank overdraft	19	<b>(147,058)</b>	111,202
<b>Net cash flow from operating activities</b>		<b>(106,054)</b>	(13,621)

### Analysis of change in net cash

	30 June 2007 £	2007/08 Cash flows £	30 June 2008 £	2008/09 Cash flows £	30 June 2009 £
Cash at bank and in hand	273,853	11,421	285,274	(101,486)	<b>183,788</b>

<sup>i</sup> The notes on pages 40–52 form part of this cash flow.

# Notes forming part of the financial statements

For the year ended 30 June 2009

## 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.

Consultancy 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 voluntary income in the SOFA.

Grants payable are classified as charitable expenditure depending on the activity that the grant is funding (ie, Research or Advisory).

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 and client development 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>Client Development</b>
<b>Cost of generating funds</b>	5%	10%
<b>Research</b>	50%	–
<b>Consultancy</b>	45%	90%

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 The Pensions Trust 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	2009 Total	2008 Total
	£	£	£	£
Donations from or on behalf of trustees	1,169,305	–	<b>1,169,305</b>	1,552,369
Advisory client donations	–	796,964	<b>796,964</b>	3,262,030
Other donations	44,056	–	<b>44,056</b>	3,871
<b>Total</b>	<b>1,213,361</b>	<b>796,964</b>	<b>2,010,325</b>	<b>4,818,270</b>

Advisory client donations comprise amounts received from clients under Gift Aid. 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 for research projects

	£	£	2009 £	2008 £
	Unrestricted	Restricted	Total	Total
<b>Inspiring Scotland—Play</b>				
Inspiring Scotland	–	53,000	<b>53,000</b>	–
<b>Young Offenders</b>				
The Clothworkers' Foundation	–	50,000	<b>50,000</b>	–
Private Donor	–	30,000	<b>30,000</b>	–
Barclays Capital	–	25,000	<b>25,000</b>	–
<b>National Performance Programme</b>				
Charities Evaluation Services	–	48,122	<b>48,122</b>	–
<b>Community Impact</b>				
Execution Charitable Trust	–	35,000	<b>35,000</b>	–
<b>Trusteeship</b>				
The Clothworkers' Foundation	–	34,500	<b>34,500</b>	–
<b>Prisoners</b>				
Indigo Trust	–	33,000	<b>33,000</b>	–
<b>Daily Centres in Italy and the UK</b>				
Fondazione Oliver Twist	–	25,344	<b>25,344</b>	–
<b>Transition</b>				
AD Charitable Trust	–	25,000	<b>25,000</b>	–
<b>Numeracy</b>				
The Clothworkers' Foundation	–	20,000	<b>20,000</b>	–
John Lyon's Charity	–	15,000	<b>15,000</b>	–
Rayne Foundation	–	15,000	<b>15,000</b>	–
KPMG Foundation	–	5,000	<b>5,000</b>	–
Man Group plc Charitable Trust	–	5,000	<b>5,000</b>	–
<b>Targeting Support</b>				
Bankers Benevolent Fund	–	10,400	<b>10,400</b>	–
<b>Association of Nonprofit Analysts</b>				
Private donor	–	5,000	<b>5,000</b>	–
Bertelsmann Stiftung	–	13,508	<b>13,508</b>	–
<b>NEETs</b>				
Man Group plc Charitable Trust	–	15,000	<b>15,000</b>	–

continued overleaf...

#### 4. Grants for research projects (continued)

	£	£	2009 £	2008 £
	Unrestricted	Restricted	Total	Total
<b>Substance Abuse</b>				
The Freemasons' Grand Charity	–	–	–	10,000
<b>Sport</b>				
Man Group plc Charitable Trust	–	(40,000)	<b>(40,000)</b>	40,000
<b>Turning the Tables in England</b>				
The Office of the Third Sector	–	–	–	45,874
<b>Inspiring Scotland</b>				
Lloyds TSB Foundation for Scotland	–	–	–	48,000
<b>Monitoring and Evaluation</b>				
Big Lottery Fund Scotland	–	–	–	(7,191)
<b>Other research projects</b>	–	12,800	<b>12,800</b>	550
<b>Strategic Grants</b>				
William and Flora Hewlett Foundation	131,287	–	<b>131,287</b>	–
Fidelity UK Foundation	100,000	–	<b>100,000</b>	–
Bertelsmann Stiftung	18,182	–	<b>18,182</b>	–
Tuixen Foundation	–	–	–	10,000
The Uyea Trust	–	–	–	10,000
Other donors	14,594	–	<b>14,594</b>	–
<b>Other research fees</b>	50,510	–	<b>50,510</b>	–
<b>Total research projects</b>	314,573	435,674	<b>750,247</b>	157,233

#### 5. Other incoming resources

	2009 £	2008 £
Rental income	–	21,678
Other income	<b>1,075</b>	7,211
<b>Total</b>	<b>1,075</b>	28,889

## 6. Costs of generating funds

	2009 £	2008 £
Staff costs	<b>31,671</b>	60,130
Publicity and promotion costs	<b>984</b>	6,537
Other costs	<b>11,509</b>	12,940
<b>Total</b>	<b>44,164</b>	79,607

## 7. Costs of charitable activities

	Research £	Consultancy £	2009 Total £	2008 Total £
Donations and grants to charities	–	799,715	<b>799,715</b>	3,230,465
Staff costs	1,046,308	391,314	<b>1,437,622</b>	1,617,869
Travel & subsistence	36,206	26,883	<b>63,089</b>	68,807
Recruitment, training & development	34,356	15,369	<b>49,725</b>	58,565
Consulting fees	49,703	154,040	<b>203,743</b>	79,652
Publications, data services & training	14,038	5,444	<b>19,482</b>	20,357
Printing & distribution	34,855	5,412	<b>40,267</b>	100,140
Premises	155,259	57,031	<b>212,290</b>	213,138
IT, telecoms & equipment	52,887	20,545	<b>73,432</b>	108,895
Legal costs	3,343	1,372	<b>4,715</b>	2,543
Marketing & PR	32,234	10,642	<b>42,876</b>	119,581
Accounting and payroll services	13,127	5,287	<b>18,414</b>	14,333
Unrecovered VAT	26,412	10,839	<b>37,251</b>	38,090
Insurance	1,915	786	<b>2,701</b>	3,978
Office expenses & other	21,418	8,784	<b>30,202</b>	25,793
<b>Total research projects</b>	<b>1,522,061</b>	<b>1,513,463</b>	<b>3,035,524</b>	5,702,206

## 8. 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:

	2009	2008
	£	£
<b>UK</b>		
Education Action International	<b>95,956</b>	–
Chance UK	<b>64,103</b>	102,885
St Giles Trust	<b>50,000</b>	–
Springboard for Children	<b>50,000</b>	–
The Medical Foundation for the Care of Victims of Torture	<b>47,885</b>	100,000
Pratham	<b>33,333</b>	33,333
Bail for Immigration Detainees	<b>31,327</b>	25,000
Rainbow Trust Children's Charity	<b>30,385</b>	27,244
The Mango Tree	<b>30,000</b>	30,000
Asylum Aid	<b>28,291</b>	20,000
The Children's Legal Centre	<b>26,253</b>	20,000
Information Centre about Asylum and Refugees	<b>26,253</b>	20,000
Family Action – Building Bridges	<b>25,385</b>	–
Advance	<b>20,000</b>	–
First Step Trust	<b>20,000</b>	20,000
Shannon Trust	<b>20,000</b>	–
SHINE Trust	<b>20,000</b>	–
The Global Witness Trust	–	140,000
Greenpeace UK	–	140,000
Wetlands International	–	130,000
Barnardo's	–	128,205
ChildLine/National Society for the Prevention of Cruelty to Children	–	128,205
Thurso High School	–	124,020
Wick High School	–	124,020
Plan UK	–	123,229
Médecins sans Frontières	–	111,310
Community Service Volunteers	–	96,155
The Lucy Faithfull Foundation	–	96,154
Beatbullying	–	96,120
Cancerbackup (now Macmillan Cancer Support)	–	80,000

continued overleaf...

## 8. Grant-making (continued)

	2009	2008
	£	£
The Gold Standards Framework	–	75,000
The Place2Be	–	75,000
The Retired and Senior Volunteer Programme	–	67,734
Health Unlimited	–	55,000
The Motivation Charitable Trust	–	55,000
Maggie's Cancer Caring Centres	–	52,000
Shared Care Network	–	51,795
Flora and Fauna International	–	50,000
The Rainforest Foundation UK	–	50,000
St Joseph's Hospice	–	50,000
Volunteer Reading Help	–	50,000
The Lymphoma Association	–	45,000
Acorns Children's Hospice Trust	–	42,525
The Carbon Disclosure Project	–	40,000
Epic Arts	–	35,000
Friends United Network	–	33,333
Eighteen and Under	–	32,050
Worldwide Alternatives to Violence Trust	–	32,050
PlayPumps International	–	27,500
Sibs	–	25,015
Magic Me	–	25,000
The Children's Trust	–	23,975
The Galapagos Conservation Trust	–	22,000
The Shelterbox Trust	–	22,000
Eastside Young Leaders' Academy	–	20,834
Core Arts	–	20,000
<b>International</b>		
Mobile Creches	<b>20,314</b>	–
Bodh Shiksha Samiti	<b>20,314</b>	–
Prerana	<b>20,314</b>	–
Thandanani Children's Foundation	–	22,483
	<b>680,113</b>	3,016,174
Grants of less than £20,000	<b>119,602</b>	214,291
<b>Total grants</b>	<b>799,715</b>	3,230,465

## 9. Governance costs

	2009	2008
	£	£
Staff costs	<b>22,557</b>	9,955
Recruitment, training and development	<b>2,058</b>	55
Consulting fees	<b>254</b>	133
Premises, IT, telecoms & equipment	<b>4,786</b>	1,314
Audit fees	<b>11,402</b>	6,410
Trustees' indemnity insurance	–	2,355
Legal costs	<b>47</b>	10
Trustees' reimbursed expenses	–	2,540
Other costs	<b>1,753</b>	615
<b>Total</b>	<b>42,857</b>	23,387

## 10. Net incoming/outgoing resources for the year

This is stated after charging:

	2009	2008
	£	£
Depreciation	–	–
Interest payable	<b>88</b>	444
Operating lease rentals		
– property	–	18,241
Auditors' remuneration		
– audit	<b>8,500</b>	6,410
Under accrual in prior years	<b>2,902</b>	–
Trustees' reimbursed expenses	–	2,540

## 11. Trustees' remuneration

The trustees neither received nor waived any emoluments during the year (2008 £nil).

## 12. Staff costs

	2009 £	2008 £
Wages and salaries	<b>1,303,998</b>	1,463,300
Social security costs	<b>125,446</b>	160,315
Pension costs	<b>62,406</b>	64,339
<b>Total</b>	<b>1,491,850</b>	1,687,954

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

	2009 No.	2008 No.
£60,001 – £70,000	<b>2</b>	1
£70,001 – £80,000	–	2
£80,001 – £90,000	–	1
£90,001 – £100,000	<b>2</b>	–

The company made contributions totalling £19,175 during the year to a defined contribution pension scheme with respect to these employees (2008 £17,913).

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

	2009 No.	2008 No.
Research	<b>18</b>	19
Consultancy	<b>7</b>	9
Marketing	<b>3</b>	3
Executive, operations & strategy	<b>4</b>	3
<b>TOTAL</b>	<b>32</b>	34

## 13. 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 £62,406 (2008 £63,840). At 30 June 2009, contributions amounting to £8,567 (2008 £7,712) were payable to the scheme and are included in creditors.

## 14. Tangible fixed assets

The company capitalises fixed assets with a purchase price of more than £5,000.

	Computer equipment £	Fixtures and fittings £	TOTAL £
<b>Cost</b>			
At 1 July 2008	48,288	7,370	<b>55,658</b>
Disposals	(48,288)	(7,370)	<b>(55,658)</b>
At 30 June 2009	–	–	–
<b>Depreciation</b>			
At 1 July 2008	48,288	7,370	<b>55,658</b>
Disposals	(48,288)	(7,370)	<b>(55,658)</b>
At 30 June 2009	–	–	–
<b>Net book value</b>			
At 1 July 2008	–	–	–
At 30 June 2009	–	–	–

## 15. 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.

The investment of £1 (2008 £1) in NPC Trading Ltd is also included in investments in the balance sheet with an equivalent amount shown in creditors.

## 16. 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:

	2009 £	2008 £
Assets	1	1
Liabilities	0	0
Funds (represented by one share of £1)	1	1

## 17. Debtors and prepayments

	2009 £	2008 £
Trade debtors	8,139	99,059
Premises rent deposit	31,493	47,243
Prepayments	60,350	58,049
Donations receivable	166,666	12,700
Other debtors	5,366	66,920
<b>Total</b>	<b>272,014</b>	<b>283,971</b>

## 18. Cash at bank and in hand

	2009 £	2008 £
Cash and bank deposit accounts	211,745	259,849
Managed cash fund	26,708	25,425
<b>Total</b>	<b>238,453</b>	<b>285,274</b>

## 19. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	22,089	29,350
Bank overdraft	54,665	–
Taxation and social security	43,035	66,340
Pensions	8,567	7,712
Donor client donations payable	–	25,680
Deferred income	40,000	–
Other creditors	1,001	132,524
Accruals	11,001	11,145
<b>Total</b>	<b>180,358</b>	<b>272,751</b>

## 20. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
<b>Fund balances at 30 June 2009 are represented by:</b>			
Investments	10,001	–	10,001
Current assets	224,967	285,500	510,467
Current liabilities	(180,358)	–	(180,358)
<b>Total net assets</b>	<b>54,610</b>	<b>285,500</b>	<b>340,110</b>

## 21. 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 £	Transfers £	At the end of the year £
<b>Restricted funds<sup>i</sup></b>					
Advocacy	52,285	–	52,285	–	–
Child Mental Health	24,714	–	24,714	–	–
How to Fund	34,772	–	34,772	–	–
Sport	40,000	(20,000)	–	(20,000)	–
NEETs	–	–	7,500	15,000	<b>7,500</b>
Numeracy	–	55,000	–	5,000	<b>60,000</b>
Community Impact	–	35,000	–	–	<b>35,000</b>
Transition	–	25,000	17,500	–	<b>7,500</b>
Young Offenders	–	105,000	42,000	–	<b>63,000</b>
Prisoners	–	33,000	–	–	<b>33,000</b>
Substance Abuse	10,000	–	–	–	<b>10,000</b>
National Performance Programme	–	48,122	38,622	–	<b>9,500</b>
Inspiring Scotland – Play	–	53,000	53,000	–	–
Trusteeship	–	34,500	34,500	–	–
Day Centres in Italy and the UK	–	25,344	25,344	–	–
Association of Nonprofit Analysts	–	18,508	18,508	–	–
Targeting Support	–	10,400	10,400	–	–
Other	200	12,800	13,000	–	–
	161,971	435,674	372,145	–	<b>225,500</b>
Advisory donations	31,565	796,964	768,529	–	<b>60,000</b>
<b>Total restricted funds</b>	193,536	1,232,638	1,140,674	–	<b>285,500</b>
<b>Total unrestricted funds</b>	112,959	1,923,522	1,981,871		<b>54,610</b>
<b>Total funds</b>	306,495	3,156,160	3,122,545		<b>340,110</b>

<sup>i</sup> Restricted funds are grants or fees received for research projects.

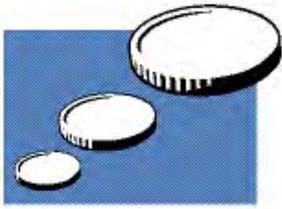
## 22. Related Parties

During the year, the charity provided advisory services on a normal commercial basis to Henderson TR Pacific Investment Trust, of which David Robins, one of our trustees, is a director. Advisory fees of £1,148 were charged for these services.

In the normal course of business we were provided with a bulk emailing system by Charity Technology Trust, for which we paid £873 during the year. Harvey McGrath, one of our trustees, was a trustee of Charity Technology Trust until February 2009. He was not involved in the decision to purchase the system.

Rishi Khosla, one of NPC's trustees, is CEO and founder of Copal Partners. In May 2008, NPC began a one-year joint venture with Copal Partners to carry out research into charities in India. Rishi Khosla was not a trustee of NPC when the decision to enter into the joint venture was taken.





**New  
Philanthropy  
Capital**

**New Philanthropy Capital (NPC) is a 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 Lucy de Las Casas on [ldelascasas@philanthropycapital.org](mailto:ldelascasas@philanthropycapital.org) or 0207 785 6300.

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