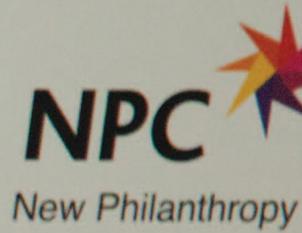




REPORT AND FINANCIAL STATEMENTS 2012



TRANSFORMING THE CHARITY SECTOR

NPC occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: We share the passion funders have for charities and changing people's lives. We understand their objectives, and we know that giving is more rewarding if it has the greatest impact it can.

Working between charities and funders: Our
together.

CONTENTS

A MESSAGE FROM THE CHAIR OF TRUSTEES	2
A MESSAGE FROM THE CHIEF EXECUTIVE	3
REPORT OF THE BOARD OF TRUSTEES	5
About NPC (New Philanthropy Capital)	5
Why are we here?	5
What do we do?	5
What do we want to achieve?	6
Activities and achievements	9
Research and consulting	9
Think tank	12
Special projects	14
Changes and lessons	16
Reporting against last year's plans	18
Financial review	19
Structure, governance and management	21
Reference and administrative details	23
FINANCIAL STATEMENTS	24

A MESSAGE FROM THE CHAIR OF TRUSTEES

This has been a year of evolution for NPC, as Dan Corry settled into his first year as chief executive, and I took up my new role as chair of NPC's trustee board.

I am grateful to my predecessor, Peter Wheeler, who has chaired NPC for two years and welcomed me into my new role. Peter has agreed to stay on the board, which means that we continue to benefit from his clear vision of NPC's future and his unparalleled understanding of NPC—Peter was one of NPC's founders more than a decade ago.

This year we said goodbye to Peter Smitham and David McKinley as trustees and thank them both for their support and insight. Thank you too to my fellow trustees for their continuing commitment.

In my short time at NPC, I have already seen the organisation become bolder and more confident. Dan and the team are driving the enterprise into new areas and we are serving an ever broadening group of clients. The new logo design reflects this ambition and purpose.

As a consultancy, we continue to develop and grow, supporting clients new and old and focussing on projects which make the most impact, such as start up workshops for new funders and helping charities that are just beginning to measure their impact. As a think tank, we have embarked on ambitious new projects, ranging from our leadership of the 10-year Inspiring Impact programme, to ground-breaking work around charities and public service commissioning. We are also hosting more and more events designed to inject new thinking about important issues and shape debates in the sector.

We could not do any of this without our clients, our partners and our supporters. Our clients and partners include charities such as Mind and SolarAid, businesses such as J.P. Morgan and Zurich, foundations including Big Lottery Fund and Children in Need and government bodies like the Cabinet Office and the National Audit Office. In addition we continue to serve and work with countless private individuals and their families.

While the consultancy side of our work is increasingly self sustaining, our work as a think tank is largely funded by grants and donations. Without the support of donors we would not be able to shine a spotlight on the challenges holding back the sector, or the solutions to overcome them. Nor would we be able to make connections, bringing together charities and funders to improve understanding and work collectively for greater impact. We need to continue to attract more support, so that we can continue to inspire new thinking, pioneer new approaches and catalyse change.

In all of this, we also rely on the commitment and energy of our management team and staff and I would like to thank them all on behalf of the trustees. Their expertise and enthusiasm is at the core of all that NPC does, and is the reason why NPC continues to have such a positive impact on the charity sector and, ultimately, on the lives of those that benefit from charities' incredible efforts.

Richard Atterbury

A MESSAGE FROM THE CHIEF EXECUTIVE

Things have moved on apace in my first full year at NPC. The successful launch of our bold new branding and user-friendly website is not just about appearance and accessibility, but reflects NPC's refreshed strategy. As our strapline now proudly states, NPC's aim is *Transforming the charity sector*. And we mean it. Not because we are itchy, restless, change-junkies, but because if we are to make sure that those in real need get the most effective help, then we really do need to do things better and, often, quite differently.

This ambitious aim has implications across NPC. In our consulting work, it means continuing to strive to be the best in the sector; bringing our thorough, analytical approach to help organisations solve the problems they face and, crucially, providing them with the right solutions that lead to real change.

The strength of our consulting is founded on our knowledge of both sides of the charity market: we understand individual donors, grant-makers and corporate foundations, as well as charities of all sizes tackling many different issues. Both sides are trying to solve the great social problems of our time. NPC plays an important role in bringing the doers and the funders together, both literally through our events and research but also in helping each understand where the other is coming from.

In addition to our consultancy, through our think tank work we must and will get to the heart of the issues that matter to charities up and down the land, and to those seeking to support them—whether it's the potential offered by social investment, changes in public sector commissioning, or the way that charity law is holding back sensible activity. We aspire to be the leading think tank for the charity sector.

In the year ahead we will be carrying out several major projects with this aim. Our path-breaking *Money for good* report will uncover the motivations of high-net-worth donors, and help the sector understand how to encourage better giving; our work on criminal justice to identify effective interventions and improve access to data will help charities working in this area understand and improve their impact; and our aim to launch a Commission on Ageing and the Third Sector in early 2013 will allow us to dig down into the sector's place in tackling one of the most pressing issues facing society.

It is an exciting agenda, and I believe NPC is in exactly the right place to move these debates forward. The idea that charities and funders need to maximise their impact—and that in order to do so, they must be able to measure it and learn from the results—is one whose time has absolutely come.

Of course, we could not do any of our work without two sets of people. First, our clients and supporters, who fund our work, whether through specific projects or providing much-needed unrestricted core funding. Finance is an issue for us, as for many in the sector, and I want to thank all those who enable us to keep fulfilling our mission.

Second, the NPC team: my excellent trustee board, and in particular outgoing chair Peter Wheeler and my new boss Richard Atterbury, both very committed and very valuable to NPC. But most of all I want to thank NPC's incredible staff, from my senior team and those who have been with us for a long time, to those who have just joined and are helping make NPC one of the best outfits in town.



Dan Corry



OUR VISION

Our vision is of a charity sector that maximises its use of resources, helping more beneficiaries and achieving better results for them and for society as a whole.

In this world, charities, social enterprises, funders and investors have clear aims, evidence-based strategies and an understanding of the context in which they operate; they assess and communicate their results and refine their approaches based on what they learn.

Across the charity sector, the right infrastructure and policy exist to help the sector maximise its impact. Information about impact flows to where it is needed, decisions are made based on evidence, and charities and funders work together to achieve shared goals.

REPORT OF THE BOARD OF TRUSTEES

ABOUT NPC (NEW PHILANTHROPY CAPITAL)

NPC is a charity that works as a think tank and consultancy, dedicated to helping charities and funders achieve the greatest impact so they can help more beneficiaries.

We bring shared values and different skills to charities and funders. By helping them use their resources more effectively, by inspiring through new thinking and by prioritising impact, we are transforming the sector.

WHY ARE WE HERE?

Britain today has massive, and growing, social problems. From crime, to poverty, to youth unemployment, there is an urgent need to solve the problems that blight communities up and down our country.

But Britain also faces severe economic problems, with a decade of austerity ahead of us. Public spending cuts mean there is less money available to ease Britain's social ills.

At NPC we strongly believe that the charitable sector has a key role to play in solving these problems. In difficult economic times, charities are more critical than ever. NPC works to harness the passion and sense of mission that runs throughout the sector, and make it more effective.

Our mission is to transform the charity sector, by increasing the impact of charities, increasing the impact of funders, and strengthening the partnership between the two.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: Our mission can only be achieved if we bring the two sides of the funding equation together, improving understanding and enhancing their combined impact.

WHAT DO WE DO?

NPC occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

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

As a consultancy, we work with charities, foundations, businesses, government and individuals to help them overcome obstacles to effectiveness, and to help us learn more about the issues the sector faces.

As an independent think tank, we bring our skills to bear to identify the obstacles holding the charity sector back and preventing it from maximising its impact. We develop, explore and test solutions to overcome these problems, and work with partners to catalyse change across the sector in practice and in policy so that the whole sector can achieve a greater impact.

WHAT DO WE WANT TO ACHIEVE?

NPC's mission is to transform the charity sector. Below we outline some of the main activities we plan for the coming financial year, 2012/2013, in our think tank and consultancy work to achieve this mission.

Think tank

Over the next year we will continue to communicate, debate and explore the issues that matter to the sector through our publications, communications and events. We will pursue opportunities for innovation and pioneer new solutions, by sharing ideas and seeking funding for new approaches. And we will develop collaborative programmes with a diverse range of stakeholders wherever possible to work towards shared goals across the sector, aiming to change practice and policy through major strategic initiatives.

In the next year we plan to focus our think tank work on the following key issues:

The UK's ageing population presents particular challenges and opportunities to the charity sector, which has a crucial role to play to meet increasing needs and helping society adapt to this shift in our demography. NPC is establishing a commission on ageing and the charity sector to stimulate creative and strategic thinking about the role the sector can play in this important area, and encourage charities, policy makers and others to engage with the debate. We will partner with UK charities to explore the changing needs of Britain's ageing population, how this affects the sector, and how charities and funders should respond.

Charities' role in delivering public services and how relationships between commissioners and charities can be improved to ensure the most effective approaches are delivered. We will build on our 2012 report, *When the going gets tough*, produced in partnership with Zurich, to explore this area further. We are also planning to explore collaboration, an issue which arose from this research, looking in particular at how charities can work together to successfully deliver public services.

Donors' motivations and behaviours, and how a deeper understanding of these can be used by charities to engage donors and build sustainable, long-term relationships. Our major research project, *Money for good UK*, will be the first study of its kind in the UK, following similar project carried out in the US. We are grateful to the Bill and Melinda Gates Foundation, Pears Foundation, Oak Foundation and NESTA for supporting this research.

Shared approaches to impact measurement, and how to develop common frameworks across fields or sub-sectors that are adopted as the norm. Through our work as part of the Inspiring Impact programme we are leading the development of shared outcomes measures. Building on the results of our impact measurement survey, *Making an impact*—the first to explore practices across the whole of the UK—we will identify the barriers holding charities back from measuring impact and explore how developing shared outcomes measures can overcome many of these.

Research and consulting

The research and consulting team will continue to work directly with charities and funders to increase their effectiveness, contributing to NPC's mission to transform the charity sector.

In the next year we are working towards the following aims:

Be recognised as the leader in consulting advice for charitable funders. In particular, we are keen to continue to strengthen our client base, increasing the number of individuals and corporate clients we work with. We are also keen to engage more clients on a retainer model where organisations work with NPC on an ongoing basis to manage or advise on their giving. Finally, we will continue to develop our internal knowledge on measuring the impact of funders' work, publishing our ideas as part of NPC's think-tank work.

Establish NPC as a leading charity strategy consultant. We will continue to deliver projects for major charity clients, and aim to focus particularly on charities in transition. Based on our core strength of helping charities assess and measure their impact, we want to grow our work in strategy consulting, to help more charities translate the lessons they learn from impact measurement into real improvements in their services. In this area, we hope to build on our think-tank work on strategic issues facing charities, such as commissioning and collaboration. We plan to continue to develop our theory of change work, including bespoke workshops for clients and group training sessions, which has been very successful in the past year.

Improve our approach to measurement and evaluation. We are constantly reviewing and improving our approach to measuring the impact of the charities and funders we work with, learning from each organisation we encounter. In the next year we will continue to develop our approach and aim to publish it on our website. We also plan to develop new products and services which are accessible and easy to apply for charities and funders, and straightforward for NPC to deliver. We hope too to diversify the range of organisations we work with.

Following our recent refresh we are working to define how best to assess our progress towards these goals in measurable objectives, as well as developing and refining the theory of change that outlines how we plan to achieve them.



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 our activities contribute to our strategic aims and are for the benefit of the public. This report sets out NPC's activities and achievements, and illustrates 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.

ACTIVITIES AND ACHIEVEMENTS

NPC's activities span three main areas:

- Our **research and consulting team** works directly with charities and funders to provide independent advice and support them to be more effective.
- Our **think tank** work pioneers solutions to barriers to effectiveness in the sector and provides an independent voice on issues affecting charities and funders.
- Our **special projects** take forward particular initiatives developed by NPC and bring them to scale.

Read about our achievements across each of these areas below.

“NPC brings clarity and an outside perspective, and we’ve already recommended them to other funders.”

Chris Robinson, Chief Executive,
The Mayor's Fund for London

RESEARCH AND CONSULTING

NPC's research and consulting work provides independent advice, practical support and bespoke research directly to organisations to help make the money and energy in the charity sector go further.

We work with five main client types: charities, trusts and foundations, philanthropists and their advisors, businesses and government. Below are some examples of the impact we have made in the last financial year through our work with clients.

Helping a national charity understand its impact

Mental health charity Mind provides information and advice about mental health and campaigns on a range of issues affecting people with mental health problems. It also provides direct support through its network of over 160 Local Minds (LMs)—independent charities affiliated to the central organisation. Keen to understand its impact across all these areas of work, Mind commissioned NPC to develop an evaluation framework.

NPC first developed a model to measure Mind's central work, and the impact this has on LMs. We created a measurement plan and helped the charity to implement our recommendations. We then developed a framework to enable individual LMs to measure their impact, consulting widely with the LM network to help us ensure it reflected the variety of work they provide.

Mind is using the frameworks to help it work towards capturing the impact of the whole network at an aggregate level, as well as the impact of its central work. Ultimately the data collected will enable both Mind and the LMs to improve their services.

Uncovering local needs for a corporate foundation

Grosvenor and the Westminster Foundation commissioned NPC to carry out a needs analysis in the London borough of Westminster to help them target their local funding more effectively.

NPC identified four priority needs: poverty; housing and homelessness; employability; and mental health. We investigated these areas to help the two organisations understand where their funding could have the greatest impact on people's lives. Despite being the third most prosperous London borough, Westminster is home to stark inequality: for example, 24% of the borough's children live in severe poverty.

“This is the first time we have run the prize and it has been an eye-opening experience to see how many fantastic projects there are all over the world, developing ground breaking and sustainable approaches to enabling access to safe drinking water.”

John Stone, Founder of the Stone Family Foundation

Based on our findings, NPC recommended that the foundation fund community organisations working in the most deprived neighbourhoods, as they can be more flexible and responsive to local needs than a single-issue charity. Grosvenor and the Westminster Foundation have made the findings of NPC’s research available to publicise issues in the borough and to encourage other funders to take a needs-based approach. The foundation is currently reviewing its strategy.

Launching a prize scheme for innovative approaches in water and sanitation

NPC worked with the Stone family through the early stages of their giving journey, after they made the decision to give away the bulk of their wealth in their lifetime. We helped narrow the foundation’s focus to three key areas based on the family’s interests, and now advise the foundation on a day-to-day basis.

This year, NPC launched a £100,000 prize for the foundation. The prize was developed to identify and support early stage initiatives in the water sector. We managed the prize-giving process, from developing criteria, to sifting over 170 applications from approximately 40 countries, to convening an expert panel to choose the winners and co-ordinating publicity and communications. The 2012 prize winner is Dispensers for Safe Water for its innovative Chlorine Dispenser System, which enables rural communities in Kenya to access clean drinking water. Through our work with the foundation we are helping to scale up new, sustainable ways to tackle a crucial international problem.

Promoting good trusteeship

In 2009 The Clothworkers’ Company commissioned NPC to review the state of charity trusteeship in the UK, resulting in the report *Board matters*. The findings highlighted common weaknesses among charity boards, and prompted The Clothworkers’ Company to take a role in supporting this vital element in civil society. It has worked closely with NPC since to promote good trusteeship.

To date, our work with The Clothworkers’ Company has included running 15 seminars for charity trustees—consistently rated ‘useful’ or ‘very useful’ by attendees—and publishing several further research reports, including 2012’s *The benefits of trusteeship*, which introduces charity trusteeship to a new audience. This on-going partnership has produced a collection of useful resources on charity governance, while our events have directly reached hundreds of current and prospective charity trustees.

Researching an economic approach to charitable giving

Barclays Wealth commissioned NPC to carry out pioneering research to explore how taking an economic approach to giving could help donors maximise their impact. Barclays Wealth asked NPC to identify interventions that would both help disadvantaged people and create significant savings for society.

We identified a long list of the UK’s costliest social problems, through a combination of desk research and discussions with experts. We prioritised them based on a number of criteria, consulting with a steering group of experts throughout our research. Finally, we analysed a range of interventions, identifying those with strong evidence of success in tackling problems and creating savings.

“I’ve been impressed by NPC’s ability to deliver high quality, thought-provoking research and events. They have certainly helped us in our strategic thinking and funding priorities and how we might make the biggest impact.”

Andrew Blessley, Chief Executive, The Clothworkers’ Company

The resulting report highlights three of the most difficult and costly issues facing society—chaotic families, children with conduct problems and adults out of work due to mental health problems. It analyses interventions according to their potential to prevent these problems, improve people’s earning potential, and create savings for society. The report was featured in the Financial Times and the Metro, among others. Sean Duggan, Chief Executive of the Centre for Mental Health, welcomed its publication, saying: ‘Action to promote good mental health and intervene early when people become unwell is excellent value for money, and research to find out more about what works is key to making that action possible.’

Investigating how funders can support early intervention and prevention

Big Lottery Fund (BIG) wanted to identify opportunities to make a difference in early intervention and prevention in the UK, and commissioned NPC to research the UK policy landscape to inform its strategy. They were keen to investigate how far the government and funders should focus on preventing social problems from arising in future rather than dealing with consequences later, and how we can be sure these approaches are effective.

We carried out detailed research to review evidence and policy in five areas—early years, children in care, healthy lifestyles, mental health and employment, and older people—and developed recommendations for BIG. We highlighted areas in which adopting early intervention approaches might be most effective, as well as some broad principles that BIG and other funders might consider using in developing work in this area.

Developing a theory of change for SolarAid

In 2011, SolarAid approached NPC to help develop a measurement framework to monitor its impact. We began by helping SolarAid to develop its vision into a clear, definable goal: eradicating the kerosene lamp in Africa by 2020. We then ran a theory of change workshop to work through the day-to-day activities required for the charity to achieve that vision, which provided the basis for recommending key outcomes the charity should measure, and proposed ways to do so.

SolarAid has begun to use this measurement framework to track its progress towards its ambitious goal, and will soon publish its approach to measuring its impact on its website.

“The theory of change process has transformed the way we plan and measure our impact at SolarAid. It offers a practical and realistic method of mapping out the change you are looking to bring about, helps identify any potential issues and provides a clear road map for all staff, donors and investors.”

Katie Bliss, Programmes Manager, SolarAid

Quantifying the value of arts charities in prisoner rehabilitation

The arts have long been used to help rehabilitate offenders, but arts charities traditionally struggle to provide hard evidence of their impact. Arts Alliance, the national body for the promotion of arts in criminal justice, approached NPC to explore whether this value could be shown through economic analysis.

After conducting a literature review on the effectiveness of arts in the criminal justice sector, we selected three arts charities to use as case studies. We helped them collect outcomes data and combined it with additional secondary data to develop economic models to estimate their impact. We published our findings in the report *Unlocking value*, showing that the charities provide savings to the public purse as well as improving the life chances of the people helped, and putting forward the economic case for investment in arts charities. Arts Alliance is now creating a central database for arts charities in the criminal justice sector to share impact data.

THINK TANK

As well as working with individual clients, we provide thought leadership and pioneer solutions through our work as the leading charity sector think tank. Building on the real world knowledge and experience we gain from our consulting work, we identify issues that are preventing the sector from achieving its potential, explore ways to overcome them, and work with partners to catalyse change.

We will cement our long-term commitment to thought leadership through our development of the 10-year Inspiring Impact programme, ground-breaking work on charities providing services in a new commissioning climate, and the impact an ageing society will have over the next 30 to 50 years on the charity sector and beyond. Our think-tank work allows us to engage with stakeholders both public and private to draw new conclusions and find new solutions through our research.

Our focus is wherever the big issues are, providing an independent voice on current debates throughout the sector. We do this through research and publications but also through events we organise, events we speak at and through the media. Over the past year, NPC has provided an expert view on issues affecting the charity sector in articles in the Financial Times, the Guardian, the Telegraph, the Evening Standard, City AM, BBC and Channel 4 news, the Huffington Post, and the Metro, as well as a wide range of sector publications. NPC staff have appeared on a number of radio and television broadcasts—both to explain issues such as charities role in public service commissioning and the importance of volunteering, and to provide the sector's perspective on prominent news stories, from the budget announcement to youth unemployment.

Our strategic projects explore the issues we think are important to the charity sector in depth. Below are some of the themes we have explored through our research in the financial year 2011/2012, which we are continuing to take forward in the next financial year.

Charities' role in delivering public services

Changes to the way the government commissions public services have created many opportunities for charities, but also thrown up a lot of challenges. In 2012, we surveyed UK charities to understand how these changes are affecting them, carrying out a major research project supported by Zurich. The resulting report, *When the going gets tough*, revealed that over 90% of respondents believe they face more risk in the current commissioning environment than before. As our report revealed, public sector commissioning is an area of significant concern for many in the sector, and one we

will continue to investigate to help charities understand and respond to the changing climate they find themselves in.

We plan to build on this initial research by working with charities and funders to explore commissioning in different sectors and discuss how to ensure a level playing field for charities bidding for contracts.

The potential of social investment

Social investment could potentially open up vast new sources of funding for charities and social enterprises. But as a relatively new form of funding, many charities are unsure whether it is right for them. In December 2011, we published a guide to social investment for charities, *Best to borrow?*, which offered a clear explanation of what social investment is, how charities could use it, and what sort of organisations may be able to benefit. The popularity of this report showed us that this is an area where there is an appetite for information in the sector, and led to the development of our practical training sessions to help charities understand whether social investment could be for them.

We continue to explore the issues for charities pursuing this type of finance, and address questions around social returns for funders, drawing on our measurement expertise. Alongside our consulting services and events, we are currently working with Big Society Capital to develop measurement frameworks for social investment to take this work further.

Improving impact measurement across the sector: Inspiring Impact

We already know about many barriers that prevent charities and social enterprises from measuring their impact, but we need to work across the sector to overcome them. NPC is leading Inspiring Impact, a collaborative programme of eight organisations across the sector, from all corners of the UK, funded by the Cabinet Office, among others. The 10-year initiative aims to address common challenges charities face when thinking about impact, make the case for an impact-based approach, and ensure good impact measurement is within everyone's reach.

As well as our responsibility for coordinating the programme, NPC is leading the shared measurement strand of work. Many of the barriers to good measurement could be overcome if organisations worked together. At the moment, many are starting from scratch when it comes to measurement, using their own new methodologies, which wastes time and resources and can make it difficult to share and compare methods and results.

Following the publication of our first two shared measurement reports in Spring 2011, we published a third report, piloting a shared measurement approach in the NEETs sector. We are building on this work in our contribution to Inspiring Impact, and plan to publish a review of approaches to shared measurement in early 2013 to help us understand the key drivers and success factors in this area to inform the development of this work.

Improving corporate giving

Business has an important role to play in the charity sector, particularly at a time when levels of giving from other sources are falling. In November 2011, we published a guide to corporate giving, which outlines good practice for businesses, setting out five steps to help corporate funders develop a coherent strategy with clear aims, a solid framework, and realistic milestones. Once a funding strategy is in place, regular reviews help a company monitor whether it is working by meeting its aims and helping charities that are making a difference.

“Well done! I thought this morning was very interesting and exactly what NPC should be doing – you provided the ‘added value’, up to date research, interesting speakers and delivered the latest thinking on a very topical issue.”

Participant at our Sport for good event

Our increasing work with corporate clients has provided insights into the barriers to effectiveness businesses face when giving, and we are continuing to work on ways to overcome them.

Events

Our events programme has tripled in the last two years and now includes:

Regular events on topical issues which bring together experts, charities and funders. For example, our Sport for good event ahead of the London 2012 Olympics was addressed by Sir Keith Mills from LOCOG, and focused on how sport can be used to inspire disadvantaged groups.

Training workshops that provide an opportunity for NPC to share its in-house knowledge and expertise. Participants include small charities and family foundations that are not able to make use of our consulting services. In the first half of 2012, we ran training on the following four topics: Selecting great charities, Measuring your impact, An introduction to social investment and Theory of change.

Conferences to build NPC’s profile and take our research and approach to a wide audience. In October 2011 we held our first annual Impact Measurement Conference in partnership with Haymarket, which attracted over 330 participants. Since the financial year end, we have held a second conference which included Minister for the Cabinet Office Francis Maude as the keynote speaker.

SPECIAL PROJECTS

NPC’s special projects receive distinct funding which is ring-fenced separately from NPC’s income. In the past 10 years we have incubated several projects in house which have been variously scaled up (in the case of NPC’s Well-being Measure) or spun off into independent organisations (in the case of SIAA).

NPC’s Well-being Measure

NPC developed our Well-being Measure to help charities prove the difference they make to the lives of the people they support—we know that many struggle to measure soft outcomes such as improvements in self-esteem, quality of relationships or happiness.

NPC’s Well-being Measure is an online survey-based tool designed to be used with groups of 11-16 year olds. After a period of development and testing, the measure was launched in September 2011. It has so far attracted 51 customers, and 220 organisations have attended workshops to learn about it. NPC now has a small team to promote the tool and provide customer support, plus an advisory board which provides guidance. In the future, we plan to develop the measure for other age groups. We are grateful to Esmée Fairbairn Foundation, Paul Hamlyn Foundation and the Private Equity Foundation for their support in establishing the Well-being Measure.

“Using NPC’s Well-being Measure with young people on the project has helped us to improve the richness and depth of our data, enabling us to show funders, project partners and participants the impact of work more clearly.”

Maria Stephens, Toynbee Hall

SIAA

The Social Impact Analysts Association (SIAA), a new membership body for professionals working in social impact analysis across the world, was formally launched at a conference in London in December 2011. SIAA is an initiative that NPC has been working on for several years, with support from co-founders Bertelsmann Stiftung and the Adessium Foundation.

In its first year, SIAA was housed at NPC, where it benefitted from our expertise and infrastructure. It was registered as a UK charity in mid-2011, and began recruiting members shortly afterwards.

Today SIAA has 165 individual and organisational members and operates independently from NPC. We remain involved with SIAA in several ways, including through representation on SIAA's board.

CHANGES AND LESSONS

In 2011/2012, and since the year end, we have made a number of changes at NPC, responding to the changing landscape of the charity sector, as well as change within the organisation.

CHANGES

Since our last annual report, there have been a number of important changes at NPC, as we have refined our strategy and improved our approach.

Leadership transition

In September 2011, Dan Corry joined NPC as chief executive following the departure of Martin Brookes, who left NPC to return to the financial sector. Dan's background in government, policy and economics has led to an evolution in NPC's strategy, including an increased focus on our role as a think tank. Since he joined the organisation, we have refreshed our strategy, refined our narrative, and worked towards rebranding NPC and launching a new website (more on this below).

NPC's renewed focus on our role as an independent think tank for the charity sector has led to an enlarged programme of events, debates, seminars and conferences, and to publications on key topical issues facing the charity sector, such as our report on commissioning, *When the going gets tough*.

Transforming the charity sector

Throughout 2011/2012 we have worked on developing new branding for NPC, based on our refreshed strategy and narrative. This has clarified the importance of NPC's unique position as a hybrid of consultancy and think-tank as well as the strength that comes from our independence, and helped us better understand how we can work towards systemic change at the charity sector level.

In our position as both consultancy and think tank, NPC works directly with clients—charities, social enterprises, funders, investors and government—and gains a rich practical understanding of the challenges they face and how they work. We apply what we learn from this work to our think tank activity, drawing out key challenges and leading the debate on how to overcome them.

Working with both funders and funded organisations, we have a unique position from which to work towards systemic change. As a trusted advisor and peer, we can convene both funders and funded organisations around specific issues, and see issues from both sides of the equation.

Together, these attributes enable our ambitious aim to transform the charity sector. If we can focus on the most important issues, explore new solutions, and work with partners across the sector, we can achieve changes in policy and practice that affect the sector as a whole. As much as possible, our future plans will embed this aim, working whenever we can towards systemic change.

Rebranding and new website

Underpinning our refreshed mission—to transform the charity sector—is a new brand and website, launched in October 2012. Supported by pro bono consulting from communications agency Blue Rubicon, and by grant funding from an independent foundation, NPC was able to design a new brand and website, www.thinkNPC.org.

Our new brand and website are an important foundation for our strategy, as our ability to engage, communicate and interact with people and organisations across the UK and internationally is key to our ability to work towards change in the charity sector. We also believe it will drive more consultancy work our way.

LESSONS LEARNED

Charities are under pressure to radically rethink

Bringing together the findings of several areas of NPC's research and activity, it is clear that charities feel under ever greater pressure. Those involved in public service commissioning face greater risk and competition, and falling budgets. Donations from individuals are under pressure too. And in many areas, needs are increasing even as incomes fall.

As a result, charities are under pressure to radically rethink their approaches and strategies. Whether this means involving volunteers more closely in core services, collaborating more with partners, or completely refocusing on advocacy rather than service delivery, boards and leadership teams are having to question their assumptions and go back to first principles. For some, this creates genuine opportunity for positive change, but for others there is a real threat of collapse.

Impact measurement is now a priority, but we still have a way to go

In last year's annual report, we said we would build an evidence base on impact measurement. We have done this, through a survey of 1,000 charities across the UK. Our findings are clear—impact measurement is now a priority for most of the charity sector, and three quarters of all charities say they measure the impact of some of their work. But there are clear challenges too—almost half of all the smallest charities do not measure impact at all, and more than 10% of the largest still do not.

NPC is building on these findings by ensuring that our strategy, as well as major collaborative programmes we are involved in such as Inspiring Impact, responds proportionately to smaller charities, and to those that have not yet begun to measure impact.

It takes time for charities to select the right measurement approach

In our work to develop NPC's Well-being Measure, it has become clear that charities need time to work out the right approach for them to measuring impact. Although the Well-being Measure is an off-the-shelf product, to determine whether and how to use it to best effect, charities need to take a number of prior steps. First, the organisation needs some form of theory of change, or a strategy that clearly links its activities to its goals. Second, it needs a framework that identifies the most important outcomes to measure. Without these two elements in place, the usefulness of a measurement tool such as NPC's Well-being Measure will be limited.

In recognition of the importance of defining these key building blocks of impact measurement, we will publish our recommended approach to impact measurement over the next year. This will outline how we work with charity clients and provide guidance to charities developing their own approach.

The sector needs to get better at collaborating

One issue which came out of our research into commissioning this year was the importance of collaboration, particularly for charities wishing to compete with large private companies to provide public services. We plan to research this issue in depth over the next financial year. For funders too, joined-up working is essential to make sure their resources have maximum impact in a difficult environment, and we are pleased to see the funder knowledge-sharing website that NPC helped establish is thriving as grant-makers of all kinds share lessons and experiences.

In last year's annual report we discussed the importance of collaborative working for NPC, an area we have been actively pursuing since with much success. We are proud to be leading a collaboration of eight voluntary sector organisations across the UK in the decade-long Inspiring Impact programme. We broke new ground for NPC this year in our partnership with Zurich to produce a major piece of research, and will continue to pursue corporate partnerships to further our think-tank work next year. We look forward to developing further cross-sector partnerships as part of our Commission on Ageing.

REPORTING AGAINST LAST YEAR'S PLANS

In last year's annual report, we set out what we wanted to achieve at NPC in the coming year in broad terms. Here, we show how we have progressed against those plans. Unlike in previous years, we decided not to divide our activities by department, but instead to focus on the aims of NPC as a whole, which we feel is more useful for assessing our success in working towards our vision for the charity sector.

PLAN	PROGRESS IN 2011/2012
We will share evidence-based frameworks that help charities and funders understand what they could do to become more effective.	We are working on a number of shared measurement frameworks—with charities working on youth employability, and in the criminal justice sector.
We will build an evidence base to establish the state of impact measurement across the charity sector.	We carried out an in-depth survey of impact measurement practices in 1,000 UK charities, publishing our results in our October 2012 report <i>Making an impact</i> .
We will identify and understand the barriers to charities and funders becoming more effective, and ways of overcoming them.	
We will capture evidence of the benefits of improving impact measurement, to make a stronger case for charities and funders to invest in it.	
We will provide services, tools and guidance that help charities and funders overcome the barriers they face to creating greater impact.	We have worked with 22 charities and 36 funders in the year to help them increase their impact. Our tools, guidance and events have helped thousands of charities and funders to improve their approaches.
We will work with partners to influence policy, develop infrastructure and nurture an environment in the charity sector that encourages greater effectiveness.	Through <i>Inspiring Impact</i> , we have begun a long-term change programme to develop infrastructure and common principles on impact measurement.





NPC 

MONEY FOR GOOD UK
Understanding, Honor, Individuality and Balance

Only Request, Live It, Live Cash, With no Poshie, No Barrow

FINANCIAL REVIEW

The Statement of Financial Activities for the year to 30 June 2012 is set out on page 24 of this report.

Financial activities

Total incoming resources for the year amounted to £2,575,285 (2011 £1,963,641). This included grants totalling £612,869 received for three large projects. The work on these projects will largely take place in the financial year 2012-13. Non-staff costs of £132,111 were incurred in the year on these projects.

During the year, NPC's revenue from external sources was £2,163,423 (2011 £1,732,250), an increase of 25% from the previous year. This includes grants, fees and donations but excludes donations from donor clients £nil (2011 £12,280).

In addition, we received donations of £411,862 (2011 £219,111) from our trustees. Trustees' funding accounted for 16% of our revenue, excluding donations from donor clients, compared with 11% in the year to 30 June 2011. Our medium-term aim remains to reduce our dependence on trustee funding as we increase our external revenues.

Total resources expended in the year were £2,353,492 (2011 £2,016,677). Excluding incremental costs of £132,111 (2011 £nil) specifically related to large projects, and committed to as part of our work on those projects, expenditure on the Well-being and the Social Impact Analysts Association of £349,507 (2011 £82,306), which has been separately grant-funded and grants made on behalf of donor clients of £52,476 in 2011, our core costs were £1,871,874 (2011 £1,881,895), a decrease of 1%. The major part of core expenditure in the year was on employee costs, premises and technology costs.

Funding

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

Following a strategic review in 2012, NPC aims to expand its sources of revenue to include corporate and foundation funding of its think-tank work.

Investment policy

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

Reserves policy and unrestricted funds

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

At 30 June 2012, NPC had unrestricted reserves of £509,047 (2011 £481,794), and £487,000 (2011 £310,000) of committed fee and grant income. We expect average monthly expenditure in the year to 30 June 2013 to be £157,500. The total of £996,047 of unrestricted reserves and committed donations and fees will therefore cover just over six months of budgeted expenditure.

Were reserves to be calculated according to the methodology described in NPC's The little blue book, total reserves at 30 June 2012 again represent just over six months' spending.

The charity has a wholly owned trading subsidiary, NPC Trading Limited. The company did not trade during the year ended 30 June 2012.

Auditor

Sayer Vincent was re-appointed as the charity's auditor 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. Each of its trustees has agreed to contribute up to £1 towards the assets of the company in the event of its being wound up. The organisation was incorporated on 2 July 2001 and registered as a charity on 27 March 2002.

TRUSTEES

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

Induction and training

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

Statement of responsibilities of the trustees

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

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

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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

MANAGEMENT AND STAFF

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

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

At 30 June 2012, we had 32 permanent employees, of whom 10 worked part-time, giving a full-time equivalent workforce of 29. During the year we also employed one paid intern for two months.

RISKS

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

A comprehensive risk register is maintained, in which all risks are evaluated and graded. The register is reviewed regularly by the chairman and senior management team and annually by the trustees.

Richard Atterbury

Chair

Charity registration number 1091450





REFERENCE AND ADMINISTRATIVE DETAILS

Company registration number 4244715

Trustees Richard Atterbury *Chair* (appointed 30 May 2012)
 Jon Aisbitt (resigned 15 July 2011)
 Fraser Hardie
 Rishi Khosla
 Peter Mallinson
 Harvey McGrath
 David McKinley (resigned 3 October 2012)
 Peter Smitham (resigned 31 January 2012)
 Baroness Deborah Stedman-Scott (appointed 22 August 2011)

Chief executive Dan Corry

Chief operating officer
and company secretary Jocelyn James

Registered office 185 Park Street, London SE1 9BL

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

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

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

FINANCIAL STATEMENTS

For the year ended 30 June 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW PHILANTHROPY CAPITAL

We have audited the financial statements of New Philanthropy Capital for the year ended 30 June 2012 which comprise the statement of financial activities, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Catherine L Sayer

Senior Statutory Auditor

For and on behalf of Sayer Vincent, Statutory Auditors

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account)

For the year ended 30 June 2012

	Notes	Unrestricted Funds	Restricted Funds	2012 Total	2011 Total
		£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	703,569	-	703,569	362,284
Investment income	3	2,714	-	2,714	2,275
Incoming resources from charitable activities					
Research & consulting	4	894,229	815,917	1,710,146	1,269,475
Special projects	5	29,070	125,732	154,802	306,039
Other incoming resources		4,054	-	4,054	23,568
Total incoming resources		1,633,636	941,649	2,575,285	1,963,641
RESOURCES EXPENDED					
Cost of generating funds	6	77,705	-	77,705	73,936
Charitable activities					
Think tank	7	364,770	-	364,770	308,980
Research & consulting	7	1,093,216	419,719	1,512,935	1,493,879
Special projects	7	22,117	327,390	349,507	82,306
Governance costs	9	48,575	-	48,575	57,576
Total resources expended		1,606,383	747,109	2,353,492	2,016,677
Net (expenditure)/income for the year and net movement in funds	10	27,253	194,540	221,793	(53,036)
Balance brought forward at 1 July		481,794	310,793	792,587	845,623
Balance carried forward at 30 June	20	509,047	505,333	1,014,380	792,587

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 31 to 40 form part of these financial statements.

BALANCE SHEET

As at 30 June 2012

	Notes	2012	2011
		£	£
TANGIBLE FIXED ASSETS			
Investments	14, 15	1	10,001
CURRENT ASSETS			
Debtors and prepayments	16	626,621	480,531
Short-term deposits		338,208	435,725
Cash at bank and in hand	17	342,522	110,912
		1,307,351	1,027,168
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	18	(292,972)	(244,582)
Net current assets		1,014,379	782,586
Net assets		1,014,380	792,587
Funds			
Unrestricted funds	19, 20	509,047	481,794
Restricted funds	19, 20	505,333	310,793
Total funds		1,014,380	792,587

The notes on pages 26 to 37 form part of these financial statements.

The financial statements were approved by the trustees on 11 December 2012 and signed on their behalf by:

Richard Atterbury
Chair

Company No: 4244715

NOTES

forming part of the financial statements

For the year ended 30 June 2012

1 ACCOUNTING POLICIES

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

a. Basis of preparation

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

b. Incoming resources

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

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

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

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

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

c. Grant-making

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

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

Grants payable are classified as charitable expenditure.

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

d. Resources expended

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

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

Cost of generating funds	14%
Think tank	23%
Consulting	49%
Governance costs	10%
Special projects	4%

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

	Marketing & Communications
Cost of generating funds	5%
Think tank	50%
Consulting	45%

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

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

e. Costs of generating funds

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:

Computer equipment:	over 3 years
Furniture and fixtures:	over 5 years
Office equipment:	over 5 years

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

g. Fund accounting

Funds held by the charity are either:

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

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

h. Pension

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

i. Leases

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

j. Taxation

The charity is exempt from taxation on its charitable activities.

k. Incoming resources

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

	2012	2011
	£	£
Donations from or on behalf of trustees	411,862	219,111
Other donations	150,474	5,044
Advisory client donations	-	12,280
Grants for core funding:		
William and Flora Hewlett Foundation	25,233	35,604
Garfield Weston Foundation	50,000	-
Phineo	-	8,245
ACEVO	46,000	62,000
Tuixen Foundation	10,000	10,000
The Uyea Trust	10,000	10,000
Total	703,569	362,284

Advisory client donations comprised donations made to NPC by advisory clients. At the discretion of NPC's trustees, the money received was 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 RESEARCH AND CONSULTING

	2012	2011
	£	£
Restricted revenue		
<i>Impact Survey</i>		
Barrow Cadbury	10,800	-
Northern Rock	6,000	-
Paul Hamlyn Foundation	6,000	-
Office for Civil Society	25,000	-
<i>Money for Good</i>		
Gates Foundation	80,244	-
NESTA	50,000	-
Oak Foundation	62,500	-
Pears Foundation	25,000	-
<i>Carried forward</i>	265,544	-
<i>Brought forward</i>	265,544	-
<i>Inspiring Impact</i>		
Cabinet Office	100,000	-
Big Lottery Fund	150,000	-
City of London Corporation	20,000	-
Diana Memorial Fund	5,000	-
<i>Impact Measurement</i>		
Deutsche Bank	95,625	-
Office for Civil Society	24,500	-
<i>State of the Nation</i>		
NESTA	14,400	-
<i>Website</i>		
Anonymous donor	50,000	-
Measuring the impact of arts on reducing reoffending		
Man Group plc Charitable Trust	2,300	35,350
Clinks	-	29,600
<i>Access to youth offending data by homelessness charities</i>		
Oak Foundation	31,920	3,080
<i>Measuring Social Impact</i>		
Calouste Gulbenkian Foundation	428	23,000
<i>Impact of sport in tackling youth crime</i>		
Laureus	-	17,200
<i>Monitoring and evaluation</i>		
Mayor's Fund	23,000	29,800
<i>Trusteeship</i>		
The Clothworkers' Foundation	33,200	21,000
<i>Numeracy</i>		
The Clothworkers' Foundation	-	5,000
Total restricted revenue	815,917	164,030
Unrestricted revenue	894,229	1,105,445
Total revenue from research & consulting	1,710,146	1,269,475

5 SPECIAL PROJECTS

			2012	2011
			£	£
	Unrestricted	Restricted	Total	Total
<i>Well-being project</i>				
Paul Hamlyn Foundation	-	40,000	40,000	90,000
Private Equity Foundation	-	-	-	51,000
Esmee Fairbairn	-	45,000	45,000	-
Product fees	22,670	-	22,670	
Consulting fees	6,400	-	6,400	
<i>The Social Impact Analysts Association</i>				
Bertelsmann Stiftung	-	-	-	124,258
Adessium Foundation	-	40,732	40,732	40,781
Total special projects	29,070	125,732	154,802	306,039

6 COST OF GENERATING FUNDS

	2012	2011
	£	£
Staff costs	49,269	56,842
Consultants' fees	12,123	1,500
Allocated support costs	16,313	15,594
Total	77,705	73,936

7 COST OF CHARITABLE ACTIVITIES

	Think tank	Consulting	Special projects	2012 Total	2011 Total
	£	£	£	£	£
Staff costs	218,406	1,059,506	156,155	1,434,067	1,273,775
Travel & subsistence	576	5,421	7,904	13,901	33,334
Recruitment & training	17,524	53,496	2,567	73,587	38,357
Consultants' fees	41,848	43,350	707	85,905	81,182
Subscriptions, publications & data sources	1,908	4,400	1,919	8,227	9,196
Printing & distribution	4,028	9,401	1,425	14,854	14,663
Premises	24,074	91,255	5,225	120,554	163,348
IT, telecoms & equipment	13,442	38,284	14,454	66,180	76,309
Legal costs	922	2,225	1,381	4,528	12,673
Marketing & PR	20,110	27,991	53,663	101,764	70,337
Accounting and payroll services	5,001	12,075	111	17,187	16,046
Irrecoverable VAT	6,851	16,540	152	23,543	16,068
Insurance	1,875	4,527	42	6,444	5,367
Office expenses & other	8,205	19,464	1,481	29,150	22,034
Grant-making (note 8)	-	125,000	102,321	227,321	52,476
Total project costs	364,770	1,512,935	349,507	2,227,212	1,885,165

8 GRANT-MAKING

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

	Consulting	Special Projects	2012 Total	2011 Total
	£	£	£	£
UK				
Social Impact Analysts Association	-	102,321	102,321	-
NCVO	20,000	-	20,000	-
ACEVO	10,000	-	10,000	-
Substance	30,000	-	30,000	-
Charities Evaluation Services	30,000	-	30,000	-
Association of Charitable Foundations	15,000	-	15,000	-
Evaluation Support Scotland	20,000	-	20,000	-
One Voice	-	-	-	20,000
Partners in Health	-	-	-	20,000
	125,000	102,321	227,321	40,000
Grants of less than £20,000	-	-	-	12,476
Total grants	125,000	102,321	227,321	52,476

9 GOVERNANCE COSTS

	2012	2011
	£	£
Staff costs	29,575	37,895
Recruitment, training and development	3,657	1,885
Consulting fees	439	1,000
Premises, IT, telecoms & equipment	3,196	5,697
Audit fees	9,693	7,647
Trustees' indemnity insurance	56	638
Legal costs	305	234
Other allocated costs	1,654	2,580
Total	48,575	57,576

10 NET MOVEMENT IN FUNDS FOR THE YEAR

This is stated after charging:

	2012	2011
	£	£
Auditors' remuneration		
<i>audit</i>	8,500	8,500
<i>over accrual in prior year</i>	-	(853)

11 TRUSTEES' REMUNERATION AND EXPENSES

The trustees neither received nor waived any emoluments during the year (2011 £nil) and no expenses were reimbursed to trustees (2011 £nil).

12 STAFF COSTS

	2012	2011
	£	£
Wages and salaries	1,267,924	1,147,866
Social security costs	144,614	125,184
Pension costs	100,373	95,462
Total	1,512,911	1,368,512

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

	2012 No.	2011 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1

The company made contributions totalling £18,348 during the year to a defined contribution pension scheme with respect to these employees (2011 £32,252).

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

	2012 No.	2011 No.
Research & consulting	17	18
Special projects	3	-
Communications & marketing	4	4
Executive, operations & strategy	5	6
Total	29	28

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 £100,373 (2011 £95,462). At 30 June 2012, contributions amounting to £12,998 (2011 £18,902) were payable to the scheme and are included in creditors.

14 INVESTMENTS

The charity has an investment of £1 (2011 £1) in NPC Trading Ltd. An equivalent amount is shown in creditors.

A £10,000 bond, previously held as an investment, matured during the year.

1. 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:

	2012 £	2011 £
Net assets	1	1
Funds (represented by one share of £1)	1	1

16 DEBTORS AND PREPAYMENTS

	2012 £	2011 £
Trade debtors	169,231	170,351
Prepayments	33,318	27,745
Donations and fees receivable	415,055	271,681
Other debtors	9,017	10,754
	626,621	480,531

17 CASH AT BANK AND IN HAND

	2012 £	2011 £
Cash and bank deposit accounts	342,522	110,912

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	46,039	102,961
Taxation and social security	37,476	43,393
VAT	27,102	32,934
Pensions	12,998	18,902
Grants payable	125,000	-
Deferred income	7,560	34,806
Other creditors	1,839	1,384
Accruals	34,958	10,202
	292,972	244,582

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 30 June 2012 are represented by:			
Investments	1	-	1
Current assets	802,018	505,333	1,307,351
Current liabilities	(292,972)	-	(292,972)
Total net assets	509,047	505,333	1,014,380

20 RESTRICTED AND UNRESTRICTED FUNDS

The funds of the charity include restricted funds. These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Unrestricted funds can be used in accordance with the charitable objects at the discretion of the trustees.

	At the start of the year	Incoming resources	Outgoing resources	At the end of the year
	£	£	£	£
Restricted funds				
Substance abuse	10,000	-	-	10,000
Measuring social impact	19,290	-	19,290	-
Measuring the impact of arts on reducing reoffending	47,770	2,728	50,498	-
Trusteeship	-	33,200	33,200	-
Monitoring and evaluation	-	23,000	23,000	-
Homelessness	-	31,920	31,920	-
Impact Measurement	-	120,125	-	120,125
Inspiring Impact	-	275,000	135,000	140,000
Money for Good	-	217,744	42,111	175,633
State of the Nation	-	14,400	14,400	-
Website	-	50,000	25,000	25,000
Impact Survey	-	47,800	45,300	2,500
	77,060	815,917	419,719	473,258
Special projects				
Well-being	80,946	85,000	143,871	22,075
Social Impact Analysts Association	142,787	40,732	183,519	-
	223,733	125,732	327,390	22,075
	300,793	941,649	747,109	495,333
Advisory donations	10,000	-	-	10,000
Total restricted funds	310,793	941,649	747,109	505,333
Total unrestricted funds	481,794	1,633,636	1,606,383	509,047
Total funds	792,587	2,575,285	2,353,492	1,014,380



Nexta NPC
Samantha Colls
Chairman, Board of Directors

New Philanthropy Capital

185 Park Street, London SE1 9BL

Registered charity No 1091450

t: +44 (0)20 7620 4850

f: +44 (0)20 7620 4851

e: info@thinkNPC.org

www.thinkNPC.org

