

# ANNUAL REPORT & ACCOUNTS 2016/17



# COMPANY INFORMATION

## CONTENTS

Company Information	IFC
About Us	1
Chair's Report	2
CEO's Report	3
<b>Strategic Report</b>	4
Introduction	5
Social Mobility	6
Social Cohesion	8
Social Engagement	10
Financial Review	12
Key Performance Indicators	14
<b>Governance and Financial Statements</b>	15
Directors' Report	16
Remuneration Report	18
People Report	20
Approval of the Accounts	22
Directors' Responsibilities Statement	23
Governance Statement	24
Biographies	27
Auditor's Report	28
Statement of Comprehensive Income	29
Balance Sheet	30
Statement of Cash Flows	31
Notes to the Financial Statements	32

NCS Trust is a not for profit social enterprise that exists to shape, support, champion and lead a thriving National Citizen Service.

<b>Directors</b>	Michael Lynas *
	Natasha Kizzie *
	Will Gallagher * (resigned 14 December 2016)
	Stephen Greene
	Dame Julia Cleverdon DCVO CBE
	Dame Martina Milburn DCVO CBE
	Alan Hirzel (resigned 15 June 2016)
	Shaun Whatling
	John Harley (resigned 12 April 2017)
	The Rt Hon. Lord David Blunkett
	Nick Farnhill
	Sue Gray
	Pippa Dunn
	John Maltby (appointed 14 June 2017)

\* Denotes executive directors

<b>Company Number</b>	08235117
<b>Registered Office</b>	The Pembroke Building Kensington Village Avonmore Road London W14 8DG
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU

# ABOUT US

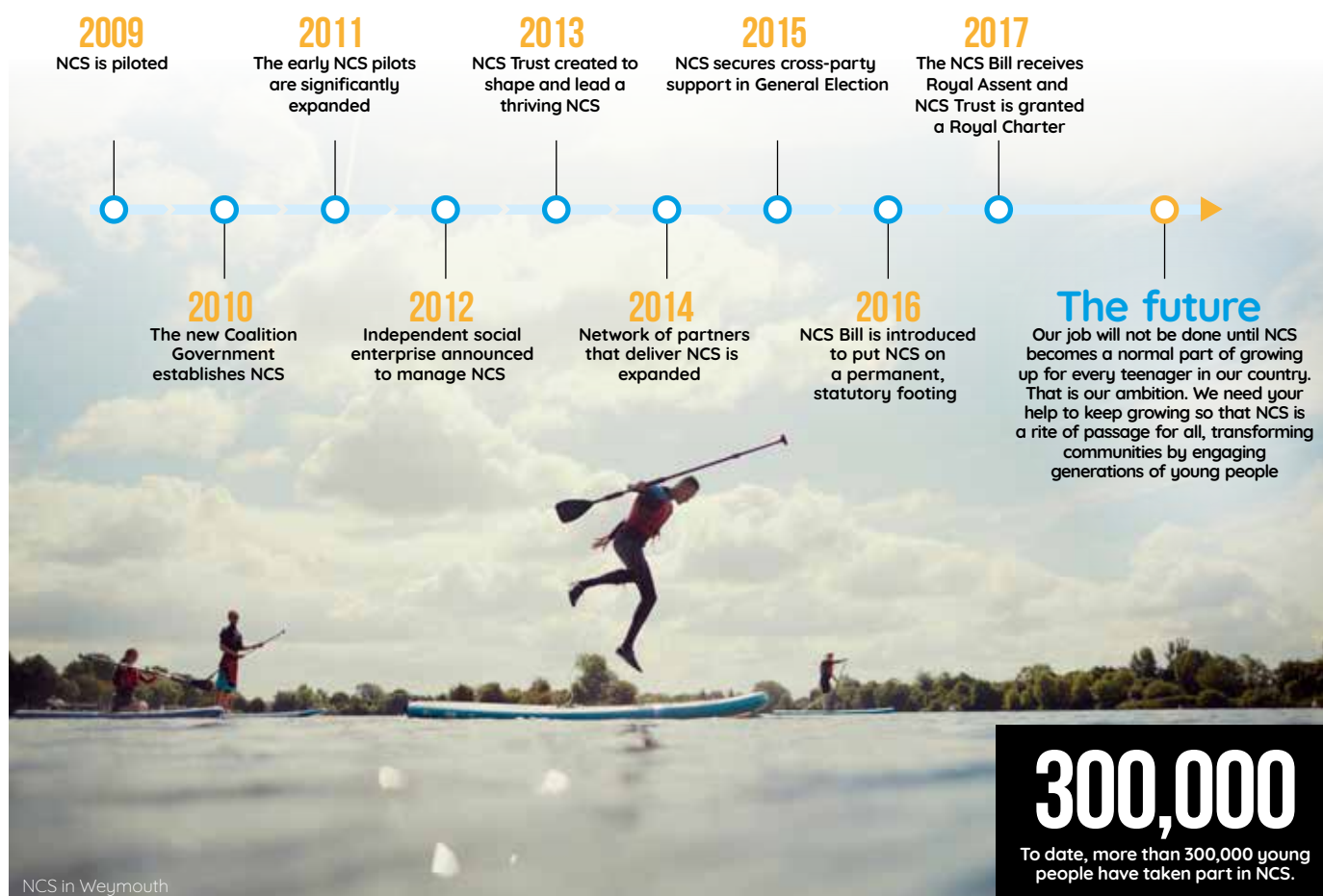
The country's fastest growing youth programme in a century, National Citizen Service (NCS) brings together 15-17 year olds from different backgrounds at a pivotal moment in their lives to improve social mobility, social cohesion and social engagement in our country.

We do this by bringing young people together in common purpose for two or four weeks to design and deliver their own social projects - building their confidence in what they can achieve, and creating bridges across social divides and ladders to opportunity in the process.

NCS is a unique chance for teenagers to live away from home, develop key life skills and interact with young people from different backgrounds. During the programme, NCS participants take part in outdoor activities, meet local charities and entrepreneurs and, finally, commit

30 hours to a social action project in the local community. In the long term, NCS graduates across the country have exclusive access to work and volunteering opportunities. NCS takes place outside of term time. The summer programme takes four weeks to complete, with breaks in between, and there is a shorter two-week version of NCS in the autumn and spring. NCS is delivered by a family of hundreds of grassroots organisations, each with unique local expertise and a passion for inspiring young people. The programme is funded by the Government, which ensures no one is prevented from taking part for financial reasons. To date, more than 300,000 young people have taken part in NCS.

## THE NCS STORY



NCS in Weymouth



# CHAIR'S REPORT

## STEPHEN GREENE



We are pleased to present NCS Trust's annual report for 2016/17.

NCS is a family of hundreds of grassroots organisations, each with unique local expertise and a passion for inspiring young people. NCS Trust was established in 2013 as an independent social enterprise to manage NCS and execute its ambitious expansion.

We must recognise the NCS team leaders and volunteers, along with the National and Regional Youth Boards. It is these volunteers along with frontline staff throughout our network of 200 organisations, who make NCS happen up and down the country. We would also like to recognise our partners in government for their unwavering support, passion and dedication.

**For 2016/17, our total income was £187.7m, and expenditure was £183.6m.** Not long ago, the idea of a 'national citizen service' was just that. An idea to create a rite of passage for young people – a programme that would help them become the best version of themselves and build a more cohesive, mobile and engaged society as a result. Not only has this idea become a reality, it is on its way to becoming part of the fabric of our society. This year has seen NCS reach several significant milestones.

**More than 300,000 young people aged 16 and 17 have now participated in the programme** since its inception. And we are confident this will surpass 400,000 during the next financial year – making NCS the country's fastest growing youth organisation in more than a century.

**This year NCS was reviewed by the National Audit Office (NAO) and Public Accounts Committee (PAC).** The NAO report described NCS's results to date as 'no small achievements', but the recommendations by both PAC and NAO relative to our costs challenge us to do better.

The Trust welcomed these recommendations and has begun implementing them. The main lever for reducing cost will be the recommissioning

of the NCS network, which is underway. But cost is only half the equation. We also need to measure the value of NCS for individuals and communities. We've made a good start and can demonstrate that many pounds are returned to society for every pound invested. Our goal is to keep getting better at measuring and improving our value.

**The National Citizen Service Act 2017 became part of the law of the land with cross-party backing.** The NCS Act puts NCS on a statutory footing and makes provisions for NCS Trust to transition to a Royal Charter body. We are incredibly proud to be granted this status with broad support. Many MPs and Peers commented on the transformation they have seen first-hand among young people in their communities.

Looking forward, priorities for the Trust will be to oversee the transition to the Royal Charter body and the

recommissioning and expansion of the network of 200 NCS partners whose current contracts expire in 2018. In addition, the Board approved a comprehensive 2016-20 Business Plan at the start of the financial year, confirming our strategic objectives which are growth, quality, impact, value for money (cost) and wider societal support.

In closing, I must recognise the entire NCS family: well done and onward. Together we are empowering generations of young people. We know this will lead to improved social mobility, social cohesion and social engagement in our country, and that is something to be very proud of. And to all the young people who showed the courage to say yes and believed that NCS would be worth their while – we hope that bringing you together in common purpose with your peers from different backgrounds to (among other things) design and deliver your own social action projects has given you the confidence to know what you can achieve, both individually and collectively, to make your mark on the world around you.



NCS in Nottingham

# CEO'S REPORT

## MICHAEL LYNAS



About nine years have passed since I began working on what would eventually become NCS.

The publication of an annual report provides an opportunity to reflect on time past and to learn lessons that support the future. This is my ninth year with NCS from helping to set up a pilot programme in 2009, rolling out these pilots across the country from within Government from 2010, and establishing NCS Trust in 2013. Over this time there are some insights that I have drawn that I thought would be useful to share.

The first is the power of the idea of NCS. At a time when we are asking how we support our young people to thrive in a fast changing world, and how we find unity amidst the forces driving us apart, NCS provides a practical answer. At NCS we want all young people as they grow up, whatever their background, to come together for a shared experience that will allow them to find common purpose in their diversity, support their transition to adulthood, and connect them to their power to make a difference. A new national institution dedicated to the next generation – that is a big idea, and a powerful idea. I'm pleased to say that it is now an idea that has support right across the political spectrum – and this consensus has now been enshrined in legislation with the National Citizen Service Act 2017.

The second is the passion and purpose of young people. Worrying about young people is not new. It is believed that thousands of years ago, Plato despaired: "What is happening to our young people? They disrespect their elders. They disobey their parents. They ignore the law. They riot in the streets, inflamed with wild notions. Their morals are decaying. What is to become of them?" At NCS we are more optimistic. We believe that if you give young people the right tools, opportunities and respect, they will change the world around us. Since those first pilots in 2009 this belief has been repaid in spades. NCS has become the fastest growing youth

movement for a century, and by the end of 2017 around 400,000 graduates will have spent their free time investing in themselves and building stronger communities. Our young people are quite different to the false stereotypes of a disengaged generation – and that's why NCS was able to grow by almost one quarter in 2016/17.

The third is the strength that comes when you combine the national and the local. NCS is a national programme and this allows us to build a strong brand, develop powerful innovations and partnerships, and achieve economies of scale. But the real power of NCS comes from the local delivery with more than 200 local and regional organisations bringing NCS to life in communities up and down our country. These organisations, some of which have been around for decades, bring passion, local knowledge and networks that can support NCS graduates before, during and after the programme. Together we form a powerful network that brings together tens of thousands of passionate people all dedicated to supporting the next generation. NCS Trust is growing our capability to support this network to be the best it can possibly be.

The fourth is the importance of measuring impact. NCS is an investment in the next generation – and we need to demonstrate that this investment generates a positive return. The programme has always been rigorously evaluated on quality and impact on participating young people, but we are starting to see its impact in national statistics for the first time. For example, the Office of National Statistics highlighted a rise in youth volunteering, with 16-25 year olds rising from bottom to top position and specifically called out NCS as a plausible explanation. Similarly, independent analysis of UCAS data has confirmed that NCS participants are significantly more likely to get accepted

to university – and this result is strongest for those from the most disadvantaged backgrounds. Independent evaluation has shown that value for money of NCS is approximately £8 per pound invested. Every week at NCS Trust our team comes together to listen to the stories of impact that NCS generates: young people, parents, mentors and community leaders talking about how NCS has had a transformative impact. This cannot always be reduced to pounds and pence – but the impact is still just as valuable.

The fifth and final insight that I want to share is that constructive criticism provides NCS with an opportunity to be even better. As an organisation, we are entrusted with significant taxpayer investment to support the next generation. This means we always need to listen and learn about how we can improve. That's why we have put in place a new system that enables us to get feedback from young people by text – so we can implement changes in real time. And that's why this Annual Report details the changes we are making in response to this and other feedback, including the Public Accounts Committee's Report. Better evaluation showing our long-term impact. More transparency so people can see that we invest taxpayer's money wisely. Saving money by improving our forecasting so we match our supply of NCS places to the likely demand for young people. Improving our network so we are even more efficient and effective. More innovation from new partners so we can deliver even more. Investing in the people, systems and processes to allow us to lead an even more ambitious and high value National Citizen Service for the years to come. Nine years is not a long time in the life of a national institution. We're just getting started.



# STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

# INTRODUCTION

In our short history, NCS has already been a catalyst for change in empowering the young people of this country. 2016/17 was another milestone year for NCS, focusing on **growth, value for money, impact,** and **building a new national institution.**

## GROWTH

Over 93,000 young people took part in the programme in 2016/17 – more than ever before. Beneath that headline number are 93,000 stories, experiences and memories that would not have been possible without NCS. With a growth rate of 22% compared with 2015/16, we have been able to reach and inspire young people on an unprecedented scale.

In order to increase NCS participation, we have taken steps to improve our links with schools. We are now working with over 90% of schools with age groups relevant to our programme, and we are present in every local authority.

We have taken great strides in improving the customer experience of everyone who interacts with NCS, and to reduce barriers that may otherwise prevent young people signing up.

We launched a central contact centre in order to reach more young people for summer 2017, and enable us to provide help and support to young people and parents at every step of their NCS journey. Between January and March 2017 we answered 34,411 inbound calls, made 97,894

successful outbound calls and conducted 13,553 web chats.

We also made it easier to reserve a place on NCS, with a new online system for programme allocations. In doing so, young people can be allocated to specific programmes at the point of sign-up, providing a streamlined, high quality customer experience.

## VALUE FOR MONEY

NCS is committed to achieving value for money in everything we do. We believe that NCS is an investment in the future of our country. This year we released independent evaluation from social impact economists, Jump X Simetrica, showing that for every £1 of taxpayer money spent on NCS, up to £8.36 is returned in social value by boosting the wellbeing and higher education outcomes of participants. We know that there is so much more value in NCS for participants, mentors and communities and we look forward to putting a value on that where possible. As well as focusing on our value, we also look for ways to reduce our costs. Our unit costs reduced by over 2% in 2016/17 compared to the previous financial year. In addition, we have developed and launched a new approach to commissioning in order to reduce the number of unfilled places and ensure as many young people as possible can take part in NCS. This should lead to a further reduction in unit costs in 2017/18

## IMPACT

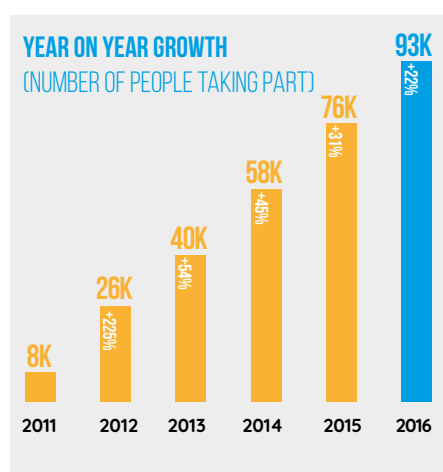
We are committed to improving the impact that NCS has on young people and communities. To that end, we have enhanced the training that our staff receive on programme, working with experts including the NSPCC. We also launched a new innovation team at NCS Trust, committed to trialling new approaches to enhance our programme. We worked with

a number of partners to launch a parthfinder programme in late 2016, including an urban-based Week 1, the Sea Cadets and the Fire and Rescue Service. We are also committed to openly evaluating the impact of our programme. We work with partners to openly evaluate the programme, ensuring that NCS is the best it can be as we continue to grow. For example, for the first time we matched our participant data to the UCAS database, finding that controlling for other factors, NCS has a significant impact on participation in higher education. All our published evaluation and research reports can be found at [www.ncsyoes.co.uk/about-us](http://www.ncsyoes.co.uk/about-us). In addition to evaluation, we have put in place a feedback system that allows us to track the views of young people, so we can learn and improve from best practice. For the first time ever, we tracked the Net Promoter Score (NPS) using Rant & Rave, a tool to understand customer satisfaction. For the summer programme, we achieved a market-leading score of 55.

We use innovation and evaluation to learn more about maximising the positive impacts of NCS for young people, their families and communities, and society as a whole. We work with partners to openly evaluate the programme, ensuring that NCS is the best it can be as we continue to grow. All our published evaluation and research reports can be found at [www.ncsyoes.co.uk/about-us](http://www.ncsyoes.co.uk/about-us).

## BUILDING A NEW NATIONAL INSTITUTION

We want NCS to become a new national institution, dedicated to helping the next generation come together, get ahead and make their mark in their communities. We were pleased that the NCS Bill went through both the House of Commons and the House of Lords with cross-party support. The National Citizen Service Act aims to make NCS permanent, and establishes NCS Trust as a Royal Charter body that is independent of government and accountable to Parliament. This gives NCS Trust the historic opportunity to embed NCS as a normal part of growing up in this country, supporting generations of young people and building a stronger country for all of us. In the following pages we look in more detail at the three social challenges that NCS exists to help tackle: social mobility, social cohesion, and social engagement.





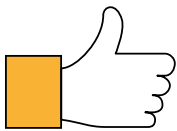
# SOCIAL MOBILITY

47%

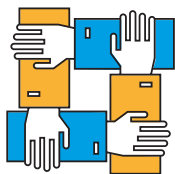
NCSers from areas of the country with the lowest university participation rates were almost 50% more likely to go onto further education than their non-NCS peers<sup>1</sup>

SEVEN  
IN TEN

young people leave NCS more confident about getting a job<sup>2</sup>



NCS lowers anxiety and boosts young people's confidence to try new things<sup>2</sup>



NCS graduates are more confident when it comes to leading and working in teams<sup>2</sup>



90% of young people consistently say they would recommend NCS to others<sup>2</sup>

<sup>1</sup> The evaluation report was produced by an independent agency, Jump X Simetrica, using data and insights from an NCS 2015 evaluation report by Ipsos Mori, combined with data from UCAS STROBE and UCAS EXACT

<sup>2</sup> Ipsos MORI 2015 evaluation, updated August 2017

“I’ve already gained so much from my apprenticeship - my biggest achievement is how my confidence has increased, I can now present to a big group of people, which I wasn’t as confident to do before... From what I was three months ago to who I am now - I notice a massive change.”

Shafiat Odunewu, NCS graduate

After completing NCS, Shafiat decided to do an apprenticeship at NCS Trust through The Challenge’s Step Forward programme.







← NCS in Plymouth

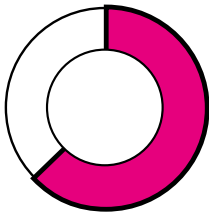
**“I like knowing I am part of a bigger picture, that I am helping 4,000 young people have a life-changing experience. And NCS is that. It’s life changing. The thing that often swings it for parents and guardians is that NCS gives their teens a chance to experience life outside college in a safe, secure setting. They’ll be pushed out of their comfort zones, they’ll meet people from different walks of life and will do things they’ve never done before.”**

**Grace Miller, NCS Administrator, University of the First Age (NCS delivery partner)**

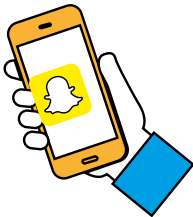


NCS in Hope Valley

# SOCIAL COHESION



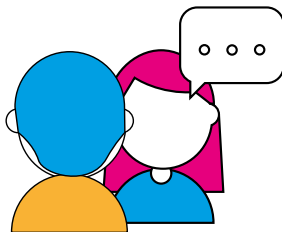
A higher proportion of NCS participants are from low-income and ethnic minority backgrounds than the country as a whole<sup>3</sup>



8 in 10 NCS graduates have kept in touch with people they met on the programme<sup>4</sup>

## EIGHT IN TEN

8 in 10 NCS graduates felt more positive about people from different backgrounds<sup>5</sup>



NCS has been shown to increase young people's confidence in meeting new people<sup>6</sup>

<sup>3</sup> National Audit Office Report, January 2017

<sup>4</sup> Ipsos MORI evaluation, December 2015. <http://www.ncsyes.co.uk/sites/default/files/NCS%202013%20One%20Year%20On%20Evaluation.pdf>

<sup>5</sup> Ipsos MORI evaluation, December 2015. <http://www.ncsyes.co.uk/sites/default/files/NCS%202013%20One%20Year%20On%20Evaluation.pdf>

<sup>6</sup> Ipsos MORI 2015 evaluation, updated August 2017

“There was one girl who was scared of heights and wouldn’t do the activity. So I did it myself, and she realised she could do it too. I think I really opened their eyes.”

Jack Marshall, NCS graduate

Jack was born with Moebius Syndrome, a rare neurological condition that makes it difficult for him to walk without assistance; he is blind in his left eye, has no facial nerves, and has difficulty pronouncing sounds.

Once the programme was underway, it didn’t take long for Jack to inspire his peers and lead by example.

NCS in Sheffield



NCS in Brighton





NCS in Ipswich

“Bolton has already gained massively from NCS. It’s brought a connection between generations, brought organisations together and charities have gained through fundraising drives and youth volunteering. NCS is fully embedded in Bolton and it’s become a rite of passage... We are changing these young people’s lives, I truly believe that. We’re giving them a unique experience they will keep forever.”

Karen Edwards OBE, Chief Executive, Bolton Lads and Girls Club (NCS delivery partner)



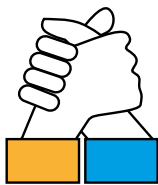
NCS in Brighton



# SOCIAL ENGAGEMENT

## 7 MILLION HOURS

Since 2013, NCSers have given nearly 7 million hours to social action on the programme<sup>7</sup>

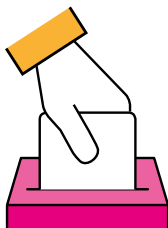


From 2000 to 2015 16–25 year olds have gone from being the least likely group to volunteer to the most likely. The Office for National Statistics mentioned NCS as a plausible factor behind this change<sup>8</sup>

After completing, NCS, young people say they feel more equipped to tackle problems in their community<sup>9</sup>



NCS graduates feel more able to have an impact on the world around them<sup>9</sup>



NCS participants indicate an increased likelihood of voting in future elections<sup>9</sup>

<sup>7</sup> Based on the number of programme completions and the corresponding number of volunteering hours for each season

<sup>8</sup> The Office for National Statistics (ONS)

<sup>9</sup> Ipsos MORI 2015 evaluation, updated August 2017



NCS in Nottingham

**“Since NCS it’s been a massive change. It’s changed the way I see things, the way I see people, the doors that are open to me and my whole future. NCS has brought all of those things together.”**

**John Wilson, NCS graduate**

As a school pupil, John admits to being “constantly in detentions” and “messing around”. In fact, he didn’t even think he would last to the end of his GCSEs. John credits NCS with the transformation.





NCS in Gamston

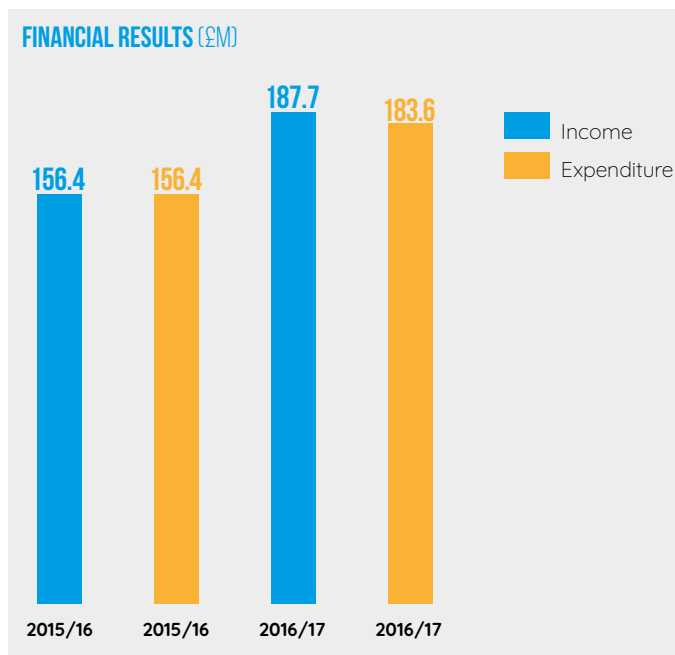


**“We are passionate about NCS, we believe in it and we are committed to making it work. For us it’s a no brainer. NCS is real and the results are tangible... You can see the grit and resilience in our young people, as well as their confidence, leadership and communication skills. For me the power of the programme really hits home whenever I meet another of our amazing grads. Their passion and commitment to making sure other young people take part speaks volumes.”**

**Kim Smith, NCS Contracts Director, vInspired (NCS delivery partner)**

# FINANCIAL REVIEW

This review provides a summary of NCS Trust's financial performance for 2016/17, as relates to these financial statements, which have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".



The Trust, which is primarily funded through a central government grant, operated at a net surplus for the year, due to an increase in self-generated income. Our government grant is only used for expenditure directly linked to delivery of our programme and associated costs.

Our central government grant funding increased to pay for additional participants (2017: 93,000; 2016: 76,000) as well as investment in the Trust's ongoing development. Our expenditure grew by 17% - less than the rise in participation in the programme which grew by 22%.

## OUR INCOME

**CENTRAL GOVERNMENT GRANT – £180.5M**  
(2016: £154.8M)

We received funding from central government. Funding limits are approved on an annual basis, and linked to target participant numbers.

**OTHER INCOME – £7.2M**  
(2016: £1.5M)

The Trust also generates income directly from parental contributions to the programme, and partnership income from corporate sponsorship.

In the prior year, parental contributions were only received from September 2015 whereas in the current financial year we received 12 months. Other income also includes £2.4m of donations in kind.

## OUR COSTS

**DELIVERY PARTNER COSTS – £148.4M**  
(2016: £135.5M)

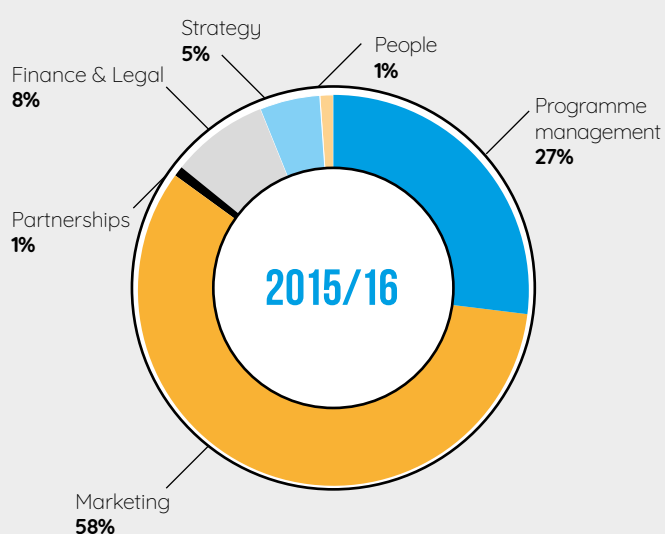
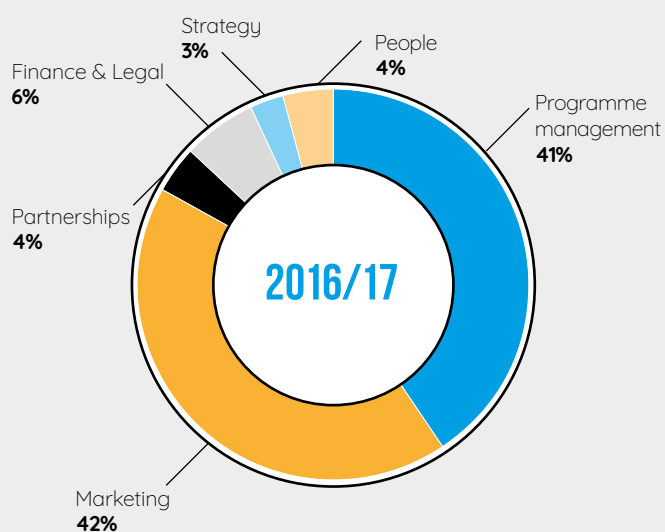
The significant portion (2017: 82.2%; 2016: 87.5%) of the central government grant pays directly for programme delivery through our nine regional delivery partners (RDPs), working with over 200 local delivery partners (LDPs). In 2016, NCS took over the role of RDP for one of the regions, working directly with LDPs.

**SUPPORT COSTS – £25.9M**  
(2016: £17.4M)

The Trust manages key central functions, including Marketing, Strategy, Operational Support, Partnerships and Finance, all of which support the continued delivery of the programme and growth of NCS. Crucially, by providing these services centrally on behalf of the network, we can decrease duplication, improve quality, and reduce costs in the long term.



### BREAKDOWN OF SUPPORT COSTS BY FUNCTION



Additional expenditure mainly comprises average staff head count increasing year on year from 50 to 104. The majority of the increase is in programme management with the number of offices expanding from one to four including our contact centre, resulting in higher salary and associated recruitment costs. There has also been increased expenditure on health and safety management, compliance checking, media and marketing costs as the programme and number of participants continue to grow.

### STRATEGIC INVESTMENT COSTS STAFF COSTS – £5.6M

In order to continue growth in our programme delivery at the levels agreed with central government, we needed to invest in increasing our staffing at the Trust, resulting in a cost increase of £2.4m.

### CENTRALISING OUR CONTACT CENTRE – £1.9M

Our contact centre handles around 12,000 calls and 450 live chats a month. Previously this service was provided by an external provider and our RDPs but, due to an ever-increasing volume (as the programme grows) and a desire to provide the best service possible, NCS decided to centralise this vital function.

### CUSTOMER RELATIONSHIP MANAGEMENT – £1.8M

In order to engage with higher numbers of young people and parents, NCS uses targeted direct mailing to contact homes we have recognised as potentially interested in the programme. In the year this led to 4.7 million direct postal and email contacts with young people and their parents, contributing to the significant increase in participant numbers.

### RESERVES POLICY

In order to support the financial management of the Trust, reserve funds held consist of unutilised funds received from other income sources and parental contributions.

### WORKING CAPITAL

At the end of the year, our working capital was £3.4m (2016: £0.7m deficit). The increase is as a result of the Trust's receipt of £3.9m in parental contributions, which are held as part of our reserves policy.

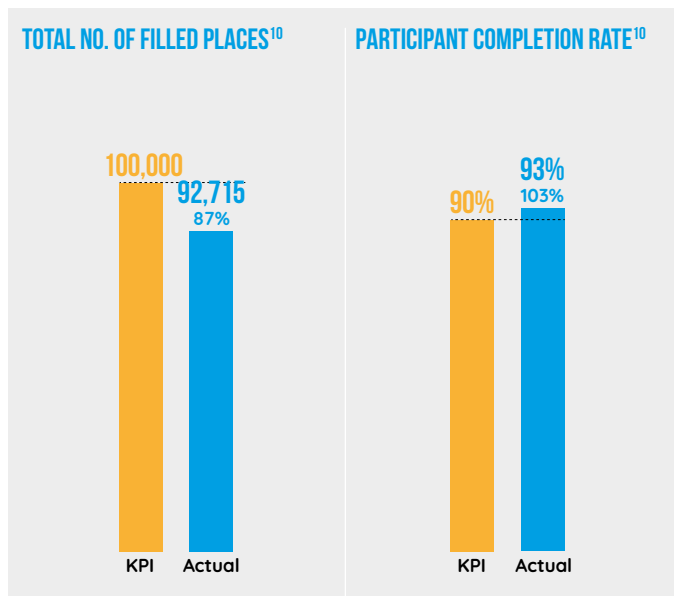
The Trust follows the Prompt Payment Code as launched by the Department for Business, Energy and Industrial Strategy (sponsored by the Chartered Institute of Credit Management). Details of the code can be found on the website [www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk). Only 0.8% (2016: 0.7%) of the trade payables balance at 31 March was older than 30 days.

# KEY PERFORMANCE INDICATORS

How we performed against our Key Performance Indicators.

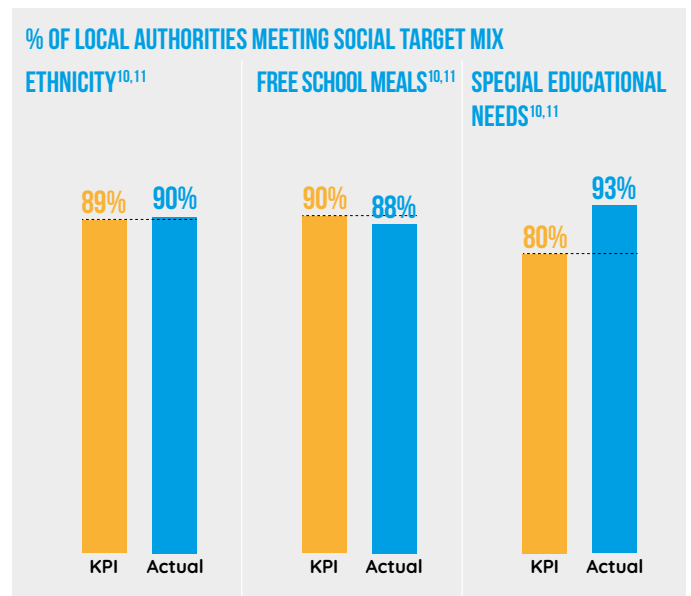
## OBJECTIVE 1:

Increase demand to fill places and improve retention of participants



## OBJECTIVE 2:

Ensure delivery of high quality NCS places



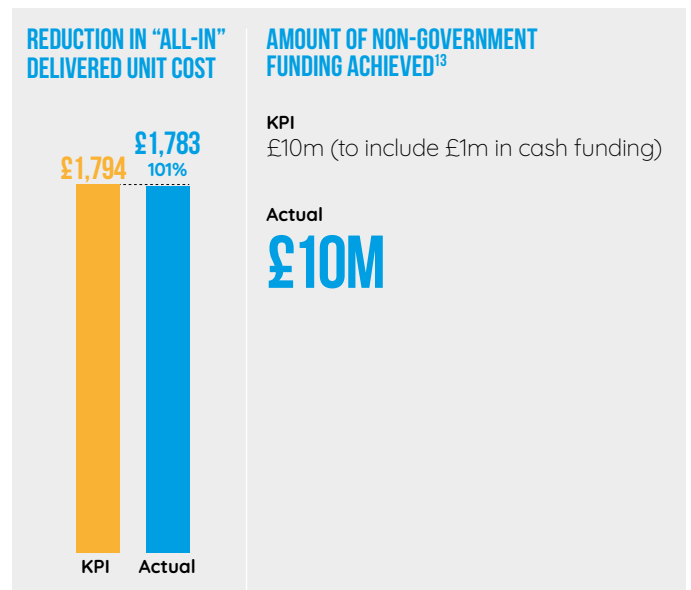
## OBJECTIVE 3:

Secure sustainability by building a broad base of support



## OBJECTIVE 4:

Increase value for money for taxpayers



The KPIs were set through negotiation between DCMS and NCS and they are revisited each year to ensure they are still challenging and relevant. The methodology for calculating KPIs is set out in our Grant Agreement, and DCMS review and challenge our assessment of performance in detail.

<sup>10</sup> NCS Trust Management Information  
<sup>11</sup> Independent evaluations (Ipsos Mori)  
<sup>12</sup> NCS Trust programme data  
<sup>13</sup> NCS Trust Finance Data

# GOVERNANCE AND FINANCIAL STATEMENTS





# DIRECTORS' REPORT

## PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of managing the delivery of the National Citizen Service programme.

## RESULTS

The Trust had a surplus of £4.1m (2016: £NIL).

## FINANCIAL INSTRUMENTS

The Trust does not utilise complex financial instruments.

## MATTERS OF STRATEGIC IMPORTANCE

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to include in the strategic report information in respect of business activities as the directors consider these are of strategic importance to the company.

## RISK MANAGEMENT

NCS aims to maintain high standards of corporate governance, including effective management of risks across the organisation. The system of internal control is designed to manage risk to an acceptable target level rather than to eliminate all risk.

During the year we have strengthened our risk management assessment and management capability and we follow a three lines of defence model. The first line is our operational management, who own the assessment, ownership and control of risks. The second line of defence consists of control functions including Finance, IT and the Portfolio Management Office, which monitor and facilitate the implementation of effective risk management. The third line is provided by the independent internal and external audit functions.

Once a risk is identified, it is scored based on the likelihood of it occurring, and the level of impact it would have if realised. Risks are scored in terms of their inherent risk before any mitigating controls are applied, their residual risk after mitigating controls are applied, and also against a target. Risks are considered against the organisation's primary strategic objectives.

The Senior Leadership Team reviews a high level corporate risk register on a monthly basis, ensuring an action plan is in place to mitigate against key risks. This is further supported by an assessment of individual project risk and any aggregate risks managed by the Portfolio Management Office. The corporate risk register is also reviewed by the Audit and Risk Committee on a quarterly basis. We are working to ensure the concept of risk management is more deeply embedded in the organisation, and that all relevant staff receive training in how to assess and manage risk.

Our key principal risks and uncertainties are outlined below, along with some of our key mitigating controls.

## INCREASE DEMAND TO FILL PLACES, IMPROVE RETENTION AND DELIVER HIGH QUALITY PLACES

### PRINCIPAL RISKS

#### INSUFFICIENT PARTICIPANT NUMBERS

NCS has made a commitment to the Government to deliver 101,000 places to young people aged 16-17 in 2017/18. In order to do so, it needs to ensure the programme reaches sufficient numbers of potential participants and their supporters, and that they are aware of how to sign up.

### KEY MITIGATING ACTIONS

NCS has a robust integrated Business Plan and budget identifying current year and longer-term initiatives to promote and deliver the programme. We work closely with our regional and local partners to support the marketing, branding and delivery of the programme. We also work with government databases to highlight eligible young people. Our strategic planning process has identified 15 specific initiatives across the programme delivery to look at fresh ways to strengthen recruitment of our young people across our regions, and improve access via our website, apps and online platform.

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## INCREASE VALUE FOR MONEY FOR TAXPAYERS

### PRINCIPAL RISKS

#### INSUFFICIENT FINANCIAL CONTROLS

As a publicly funded organisation, we have a fiduciary duty to ensure funds are managed and assets protected.

### KEY MITIGATING ACTIONS

Our Finance Team has been strengthened throughout the year, including better integration of financial objectives and support across the organisation. NCS policies are continually reviewed and improved, with a focus this year on fraud and bribery prevention.

Our Finance Team is supported by our internal audit function, whose reports are closely scrutinised by our Audit and Risk Committee. We have also worked with PwC, which has performed audit on selected delivery partners as part of our continued improvement around assurance of key operational and financial data.

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### PRINCIPAL RISKS

#### POOR CONTRACT OR COST MANAGEMENT

Our core performance is managed by key contracts with our RDPs. Ensuring that those contracts deliver the best value for money is vital to NCS meeting its objectives.

Without management of these contracts, as well as a number with other key suppliers, NCS costs could grow, delivering less value to the taxpayer and damaging our reputation as a valuable contributor in the lives and wellbeing of the UK's young people.

### KEY MITIGATING ACTIONS

NCS works closely with its key suppliers to manage our contracts, which are also reviewed by NCS's legal counsel. We are also increasing our procurement capabilities and continue to strengthen them.

Monthly reporting from our Finance Team to our Senior Leadership Team highlights any significant variances to budget, which are shared with our ARC and Board.

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## SECURE SUSTAINABILITY BY BUILDING A BROAD BASE OF SUPPORT

### PRINCIPAL RISKS

#### DATA PROTECTION BREACHES

NCS manages a significant amount of sensitive information, particularly due to its work with young people. At a time when cyber threats are significant, it is paramount we have sufficient controls in place, not only to comply with the Data Protection Act 1998, but also to protect our participants.

### KEY MITIGATING ACTIONS

Data management policy is continually reviewed to ensure it meets current threats, supported by the hiring of a Director of IT. Our system has undergone improvements, including the use of strong encryption for the storage of the key personal data we manage, and the robust management of user accounts on our key systems to minimise the risk of inappropriate access.

# REMUNERATION REPORT

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As part of our move to improve transparency, the table we have published on our website and in this report includes members of the Senior Leadership Team who are currently employed and worked with us in 2016/17. We also show the relationship between the remuneration of the highest paid director and the median remuneration of our employees, with a comparative figure for last year.

## OUR REMUNERATION APPROACH

Our remuneration approach ensures that money is well spent to attract, motivate and retain our people, while driving up individual and collective performance and ensuring we have fair pay and no discrimination.

## REMUNERATION OF EMPLOYEES

Salaries are reviewed annually to ensure payments are appropriate for a non-profit, publicly funded organisation. Reviews are based on market rates for our sector, performance against agreed objectives, competency in core skill areas and living organisational values. We are committed to paying the Living Wage for all employees.

In order to motivate our people to achieve our ambitious targets, eligible employees who have shown very strong performance may receive a discretionary annual performance pay award of up to 10% of their base salary. This is calculated on individual performance, determined by performance review scores, and organisational results, based on performance against government agreed key performance indicators.

## OUR REMUNERATION COMMITTEE

Our Remuneration Committee meets twice a year and approves NCS Trust's remuneration policy and executive director remuneration. The Committee consists of three non-executive directors, including the Chair of the Board and a government representative, in order to ensure accountability and transparency.

## OUR PENSION PLAN

We offer our employees a 5% non-contributory pension plan. Employees can contribute to this pension plan at a rate of their choice, enabling them to plan flexibly for their retirement as their individual circumstances allow.

## EXECUTIVE DIRECTOR REMUNERATION

Our executive director remuneration is based on what is required to attract, motivate and retain high calibre leaders who will drive the performance of the organisation, whilst ensuring that public money is well spent. We benchmark all salaries to ensure that senior leaders' remuneration is proportionate to that of other employees.

Performance pay awards for our Senior Leadership Team are based solely on the organisation's results against government agreed key performance indicators, with the requirement to demonstrate very strong individual performance, quantified in the annual performance reviews, to qualify.



## THE REMUNERATION OF SENIOR LEADERSHIP TEAM FOR THE YEAR ENDED 31 MARCH 2017

SENIOR LEADERSHIP TEAM <sup>(i)</sup>	ANNUALISED SALARY <sup>(ii)</sup> (£'000)	GROSS SALARY (£'000)	PERFORMANCE AWARD (£'000)	EMPLOYER'S PENSION CONTRIBUTIONS (£'000)	BENEFITS (£'000)	TOTAL (£'000)
<b>Michael Lynas*</b> Chief Executive Officer	115-120	115-120	0-5	5-10	-	125-130
<b>Natasha Kizzie</b> Marketing & Communications Director	115-120	115-120	0-5	5-10	0-1	125-130
<b>Kate Wood</b> <sup>(iii)</sup> Chief People Officer	140-145	80-85	0-5	0-5	0-5	90-95
<b>Laura Gibbon</b> Director of Partnerships	75-80	70-75 <sup>(iv)</sup>	0-5	0-5	-	75-80
<b>Jeroen Sabbe</b> <sup>(iii)</sup> Director of Strategy & Implementation	70-75	30-35	0-1	0-1	-	30-35
<b>Simon Woods</b> <sup>(iii)</sup> Director of IT	95-100	15-20	- <sup>(v)</sup>	-	-	15-20

<sup>(i)</sup> Includes all current employees of the NCS Trust Senior Leadership Team who were in post for the year ended 31 March 2017

<sup>(ii)</sup> Full time equivalent salary bands

<sup>(iii)</sup> Joined in year

<sup>(iv)</sup> Based on 0.93 FTE

<sup>(v)</sup> Not eligible for performance award due to length of service

## FAIR PAY DISCLOSURE

	2017	2016
Highest paid director's remuneration* (excluding pension)	<b>£121,804</b>	£124,302
Median remuneration	<b>£40,000</b>	£37,500
Ratio	<b>3.05</b>	3.31

# PEOPLE REPORT

Our people are our most important asset and are responsible, with our partners, for the NCS programme – the country's fastest growing and largest programme for 16-17 year olds – which has supported over 300,000 young people to have life-changing experiences.

We aim to attract, develop, motivate and retain the right diverse people with a winning culture to achieve our strategy and targets; while ensuring we are ready to leverage performance and deliver growth.

Our people are based in four offices, Ashford, Exeter, London and Newcastle, and during 2016/17 NCS Trust had a monthly average of 104 employees. Employee costs are included in Note 7 to the Financial Statements.

## GROWING OUR CAPABILITY

We are reaching more young people than ever before and have significantly increased our capability this year in order to facilitate the ongoing growth of the NCS programme.

We have introduced Chief roles to add further commercial experience to our Senior Leadership Team and draw from their varied, experienced backgrounds as we grow. Deep specialists in key areas such as safeguarding, information security and innovation have joined our team to further our work in these vital areas.

We have piloted an apprenticeship programme to bring young people into the heart of NCS Trust and will welcome our second group of apprentices, many of whom are graduates of the NCS programme, in the coming year.

This year, establishment of a small in-house recruitment team has increased our effectiveness in finding talented, diverse and dedicated people to join our organisation, whilst lowering recruitment costs.

## ENGAGING OUR PEOPLE

We are dedicated to engaging with our people, and our customers, the young people of the United Kingdom, are at the heart of our approach.

We have a hot-desking culture to encourage our people to socially mix and engage across our organisation, and this also ensures all of our Senior Leadership Team are readily available to all our people.

Our CEO leads our weekly all-team meetings in our London office, broadcasting live to our people on the road and in our Ashford, Exeter and Newcastle offices. At these meetings we share current progress against our strategy and targets, as well as important business updates and messages from our partners and our customers. We hold quarterly engagement events with our people and our CEO, with annual events with our Chair of the Board and Chair of the Board of Patrons.

We encourage all of our employees to continuously connect with the NCS programme and our customers through programme visits, working with our National and Regional Youth Boards, attending key annual events such as Leaders Week (an extension programme for graduates of the NCS programme) and our Annual Conference.

The Trust also operates a volunteering policy for employees to encourage engagement in other social action and charitable projects.

NCS staff welcoming NCSers



## DEVELOPING OUR PEOPLE

Our people are our most important asset and we provide learning and development opportunities to assist them to deliver brilliant results and develop their skills and capabilities.

For all our people, their journey starts with an on-boarding programme to help them learn about our mission and values as an organisation and to help them deliver successfully. We encourage learning and development through on-the-job experiences, and seeking opportunities for people to have new experiences. We offer a comprehensive programme of skills development which is open to all of our employees. Attendance at these programmes is aligned to agreed personal development plans to assist our employees to perform and, supported by their line manager, ensure maximum impact.

We also encourage our people to explore external learning opportunities and, with the support of a business case process, offer funding for professional qualifications related to their role to enhance their skills and set them up for success in the future. Finally, we offer professional coaching with our Head of Learning and Development who is a qualified coach with 20 years' experience; this offers our people specific and targeted support.

All courses in our core programme are continually evaluated and reviewed to ensure they deliver the best learning experience possible for our people and that there are significant benefits to NCS Trust.

## DIVERSITY AND INCLUSION

NCS Trust's policy is to advance equality, and value diversity and differences while preventing discrimination, harassment and victimisation.

NCS Trust is committed to an active equal opportunities policy from recruitment, through learning and development, performance reviews, remuneration and promotion to retirement. All our employment decisions are objective, free from bias and based solely upon work criteria and individual performance contribution.

People with disabilities will continue to be given full and fair consideration for employment opportunities at NCS Trust. We will reasonably make adjustments to support our people with disabilities who work at NCS Trust and enable them to reach their full potential.



NCS' annual Action Day in London

## DISABLED PEOPLE

The Trust will employ disabled people when they are suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the company.

During employment the company seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.



# APPROVAL OF THE ACCOUNTS

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## FUTURE DEVELOPMENTS

The Trust aims to secure increased participation in the programme in 2017/18 as it aspires to grow, reduce costs, improve quality and build broad-based support.

The Trust is focused on driving growth by increasing awareness, focused marketing and improving the young person's experience from showing interest in NCS to participating and graduating. NCS Trust is doing this by continuing to invest in a centralised operating and customer relationship management system to enable a better journey and increase recruitment. We also continued to develop our relationships with schools and colleges.

## QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Trust has made qualifying third party indemnity provisions for its directors during the year. These provisions remain in force at the reporting date.

## AUDITOR

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

## STATEMENT OF DISCLOSURE TO THE AUDITOR

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

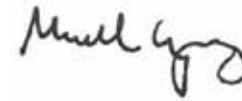
## APPROVAL OF ANNUAL REPORT

The Annual Report and Accounts, including the Remuneration Report, was approved by the Board for signature on 17 October 2017.

On behalf of the Board



**STEPHEN GREENE**  
CHAIR



**MICHAEL LYNAS**  
CEO

NCS registered office: The Pembroke Building,  
Kensington Village, Avonmore Road, London, W14 8DG

# DIRECTORS' RESPONSIBILITIES STATEMENT

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## THE DIRECTORS ARE RESPONSIBLE FOR PREPARING THE ANNUAL REPORT AND ACCOUNTS, INCLUDING THE FINANCIAL STATEMENTS, IN ACCORDANCE WITH APPLICABLE LAW AND REGULATIONS.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# GOVERNANCE STATEMENT

**OUR CEO AND CHAIR, SUPPORTED BY THE BOARD OF DIRECTORS, HAVE RESPONSIBILITY FOR MAINTAINING A SOUND SYSTEM OF INTERNAL CONTROL THAT SUPPORTS THE ACHIEVEMENT OF NCS'S COMMUNITY INTEREST AIMS AND OBJECTIVES, AS SET OUT IN ITS ARTICLES OF ASSOCIATION.**

Additionally, as part of our funding agreement with Her Majesty's Government (HMG), our Board is required to follow guidelines set by the Department for Culture, Media and Sport (DCMS), with the purpose of safeguarding public funds.

## OUR BOARD

Our Board consists of both executive members and non-executive members, with a majority of non-executive directors. Non-executive directors are selected so as to provide a diverse skill set to the Trust, and support the executive directors in achieving its vision and mission, living its values, and helping to manage and mitigate risk.

## METHOD OF APPOINTMENT

The Board strives to achieve representation from people of different ages, regions, ethnicities and socio-economic groups, and to meet or exceed the Government's target of 25% female representation.

In order to achieve a diverse skill set, non-executive members are appointed as follows:

- A member appointed by the **Government**
- A member with passion for **citizenship and social action**
- A member with **legal and procurement** experience
- A member with **FTSE 100 and operations** experience
- A member with **voluntary and youth sector** experience
- A member with experience of **digital engagement**
- A member who can represent youth or **youth culture**
- A member with experience in **corporate strategy**
- A member with experience of **education**
- A member with **brand partnership** experience

## REVIEW OF EFFECTIVENESS

The Board members receive appropriate updates on NCS's financial position, forecasts, risks and performance against strategic goals at their scheduled meetings.

Our CEO and Chair of the Board have responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and the senior management within NCS who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports.

## ORGANISATIONAL STRUCTURE

The Board delegates specific responsibilities to its Committees. Recommendations made by Committees are presented to the Board as a whole for approval. A brief description of each Committee and its function is given opposite.



## INTERNAL CONTROLS

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

Key risks and the Board's mitigation strategy are outlined on pages 16 and 17. As NCS works with young people, we take seriously the additional risks associated with their safety and data.

## INDEPENDENT ASSURANCE

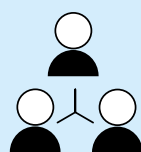
As part of HMG's funding agreement with NCS, HMG places certain requirements on our Board to ensure governance of NCS Trust is sufficiently robust. In order to comply with these requirements, NCS undertakes internal audit reviews, conducted by an external firm of accountants. Six internal audits were conducted during the year. Areas covered included governance policies, data security and safeguarding.

During 2016/17, NCS received an audit by the National Audit Office to review whether value for money had been achieved, and outline future risks to the programme ([www.nao.org.uk/wp-content/uploads/2017/02/National-Citizen-Service.pdf](http://www.nao.org.uk/wp-content/uploads/2017/02/National-Citizen-Service.pdf)).

## STRUCTURE

The Trust is a Community Interest Company limited by guarantee. The directors remain committed to high standards of best practice in corporate governance. Whilst not bound by the provisions of the Code of Best Practice identified within the UK Corporate Governance Code, the Trust aims to ensure that it complies with best practice in all relevant areas.

The Trust's governance framework consists of a Board, and a number of sub-committees, all of which report to the Board. The directors believe they have full and timely access to all relevant information required to carry out their functions. Registers of directors' interests are maintained.



### THE BOARD

- Consists of the Chair and 11 Directors (3 executive, 7 non-executive, 1 government appointed)
- Exists to establish corporate strategy in order for the Trust to effectively, impartially and independently carry out its functions
- Expects to meet quarterly

### AUDIT & RISK COMMITTEE

- Consists of 3 non-executive directors, 1 of whom chairs
- Reviews board plans, budgets, internal control arrangements, financial statements, internal and external audit reports and the Trust's risk register
- Meets at least 4 times a year

### REMUNERATION COMMITTEE

- Consists of 3 non-executive directors, 1 of whom chairs
- Sets the remuneration policy for executive directors, as well as review of performance pay
- Meets at least twice a year

### NOMINATIONS COMMITTEE

- Consists of 3 directors, at least 2 non-executive
- Looks at the makeup of the Board, succession planning and identifying candidates
- Meets when required

## GOVERNANCE STATEMENT

### CONTINUED

#### BOARD AND COMMITTEE ATTENDANCE

NAME	BOARD	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATIONS COMMITTEE
Mr Stephen Greene (Chair and Co-Chair of Remuneration Committee)	3/3	-	6/6	2/2
Mr Will Gallagher (resigned 14 December 2016)	2/2	-	-	-
Mr Michael Lynas	3/3	-	-	-
Ms Natasha Kizzie	2/3	-	-	-
Dame Martina Milburn DVCO CBE	1/3	-	6/6	-
Dame Julia Cleverdon DCVO CBE	1/3	-	-	1/2
The Rt Hon. Lord David Blunkett	2/3	-	-	-
Mr Shaun Whatling	3/3	-	-	1/2
Mr Nick Farnhill (also Chair of Nominations Committee)	2/3	-	-	2/2
Mr Alan Hirzel (resigned 15 June 2016)	1/1	0/1	-	-
Mr John Harley (also Chair of Audit and Risk Committee)	3/3	8/8	5/6	-
Ms Sue Gray (also Co-Chair of Remuneration Committee)	3/3	8/8	6/6	-
Ms Pippa Dunn	2/2	3/4	-	-

# BIOGRAPHIES

## NON-EXECUTIVE DIRECTORS



**Stephen Greene**  
Chair

Stephen is co-founder and CEO of RockCorps, an enterprise that uses the power of music to inspire people to volunteer and give back to their community. RockCorps has supported over 2,500 partners in the non-profit sector, working directly with more than 170,000 volunteers across 6 continents and inspiring millions more. Stephen is originally from Portland, Oregon and previously held the position of Executive Director at The Fowler Center, a Michigan-based non-profit facility for people with developmental and physical disabilities.



**Mr John Harley**

Resigned 12 April 2017

John was a Senior Partner in EY until his retirement in 2011. He is now Chair of the University of Brighton and Deputy Chair of the EY Foundation. John sits on HEFCE's Audit Committee and is also a Panel member for the Competition Commission. Previously he was Chair of Groundwork London. John also chairs Trade River Finance Limited, the Kent Investors Network and the Becket Trust, an affordable housing charity.



**Pippa Dunn**

Until recently, Pippa Dunn was the Chief Marketing Officer of Consumer at Everything Everywhere (EE), achievements included leading the launch of EE, the biggest consumer brand launch in the UK for a decade. Pippa was with Orange since 2003 and previously held positions as Vice President of Orange Propositions for EE, Director of Pay-As-You-Go and UK Brand Director. Prior to Orange, Pippa spend time at NTL and Coca Cola in various marketing roles.



**Dame Julia Cleverdon**

Dame Julia Cleverdon is Vice President of Business in the Community and was appointed by HRH, The Prince of Wales, as a Special Adviser to The Prince's Charities. She is also co-founder of Step Up To Serve. Julia serves as Vice Patron of Teach First, whose mission is to address educational disadvantage by transforming exceptional graduates into effective, inspirational teachers and leaders in all fields. In addition Julia is Chair of National Literacy Trust.



**The RT Hon. the Lord David Blunkett**

David's political career dates back to his election as a councillor in Sheffield at the age of 22. He was elected to Parliament in 1987. He became Education and Employment Secretary in 1997, Home Secretary in 2001, and Work and Pensions Secretary in 2005. In September 2015 he was appointed to the House of Lords. David has a passionate interest in citizenship and contributes to a number of voluntary and not-for-profit organisations including Chairman of the David Ross Multi Academy Charitable Trust and a patron of City Year UK. He is also Professor of Politics in Practice at University of Sheffield.



**Sue Gray**  
Director General Of Propriety And Ethics  
And The Private Office Group

Sue joined the Cabinet Office in the late 1990s. Before joining the Cabinet Office, Sue worked in Transport, Health and DWP covering a range of roles which included both policy and front line delivery.



**Dame Martina Milburn**

Martina is Chief Executive of The Prince's Trust, a leading youth charity. The Trust works with more than 58,000 disadvantaged young people each year and sees more than 75% go into training, employment, education and volunteering. Prior to joining The Prince's Trust, Martina was Chief Executive of BBC Children in Need. She Co-Chairs the Youth Action Group with a Minister from the Department for Education. The group includes voluntary sector organisations and nine government departments. She also sits on several other bodies which support the work of HRH The Prince of Wales.



**Nick Farnhill**

Nick is a founding partner of POKE, a creative 'practice' focused on delivering original and effective interactive communications and service solutions across all digital platforms and channels. Current clients include EE, Aurum Holdings, Skype, Diesel, Firefox, Mulberry, Ted Baker and BBC WorldWide. He is also founder and co-chair of Internet Week Europe and the Lovie Awards.



**Shaun Whatling**

Shaun Whatling has 20 years' experience working in marketing for both the public and private sector including as co-founder of the world's leading and largest action sports agency. Shaun is now the CEO of the strategic consultancy Redmandarin.



**Mr Alan Hirzel**

Resigned 15 June 2016  
Alan is CEO of Abcam, a supplier of research tools to life scientists. He has also been a Trustee for Social Business Trust.

## EXECUTIVE DIRECTORS



**Michael Lynas**  
Chief Executive CEO

Michael Lynas was appointed CEO of NCS Trust in January 2014, after joining NCS as Director of Strategy in February 2013. Michael joined NCS from No.10 where he was a Senior Civil Servant in the Policy Unit. In addition to his central role in establishing NCS, his main work was on civil society, culture and philanthropy. Michael has previously worked as a strategy consultant for Bain & Co. He has an MA in politics from Cambridge University, and a Masters in Public Policy from the Kennedy School of Government at Harvard.



**Natasha Kizzie**  
Marketing & Communications Director

Natasha is a youth marketing specialist with over 13 years broad category experience in the private sector. Most recently Natasha was Head of Entertainment for Arnold KLP. She was the strategic business lead responsible for creative ideation for all entertainment new business account wins: Guinness, Smirnoff Ice, Hennessy, Orange UK, Orange group, Nokia and Baccardi. She has a successful track record conceiving and delivering youth and young adult 360 cross-channel communications campaigns that drive awareness, consideration and engagement.



**Mr Will Gallagher**  
(Operations Director)

Resigned 14 December 2016

Will previously worked as a special adviser for the UK Ministry of Justice, and COO of The Shaftesbury Partnership.



## AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NCS TRUST C.I.C.

#### OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements on pages 29 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit 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 Companies Act 2006.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' 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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities Statement set out on page 23, the directors 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.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP.*

#### KERRY GALLAGHER (SENIOR STATUTORY AUDITOR)

for and on behalf of

#### RSM UK AUDIT LLP

Statutory Auditor and Chartered Accountants  
Davidson House  
Forbury Square  
Reading  
Berkshire  
RG1 3EU

Date: 17 October 2017

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 £'000	2016 AS RESTATED £'000
<b>Turnover</b>	4	<b>187,661</b>	156,298
Cost of sales		<b>(157,642)</b>	(139,005)
<b>Gross surplus</b>		<b>30,019</b>	17,293
Administrative expenses		<b>(25,910)</b>	(17,413)
<b>Operating surplus/(deficit)</b>	5	<b>4,109</b>	(120)
Interest receivable and similar income	9	<b>36</b>	120
<b>Surplus before taxation</b>		<b>4,145</b>	-
Taxation	10	<b>(13)</b>	-
<b>Surplus for the financial year</b>	20	<b>4,132</b>	-

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

NCS TRUST C.I.C.

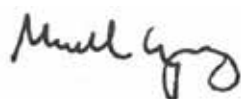
**BALANCE SHEET**

FOR THE YEAR ENDED 31 MARCH 2017

COMPANY REGISTRATION NUMBER 08235117

	NOTES	2017 £'000	2017 £'000	2016 AS RESTATED £'000	2016 AS RESTATED £'000
<b>Fixed assets</b>					
Intangible assets	11		651		428
Tangible assets	12		227		444
			878		872
<b>Current assets</b>					
Stocks	13	228		172	
Debtors	14	7,777		7,952	
Cash at bank and in hand		23,312		8,644	
		31,317		16,768	
<b>Creditors: amounts falling due within one year</b>	15	(27,875)		(17,456)	
<b>Net current assets/(liabilities)</b>			3,442		(688)
<b>Total assets less current liabilities</b>			4,320		184
<b>Provisions for liabilities</b>	17		(47)		(43)
<b>Net assets</b>			4,273		141
<b>Capital and reserves</b>					
Surplus/(deficit) account	20		4,273		141

The financial statements were approved by the Board of directors and authorised for issue on 17 October 2017 and are signed on its behalf by:



**MICHAEL LYNAS**  
DIRECTOR



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	23		15,032		(11,751)
Income taxes paid			(13)		-
<b>Net cash inflow/(outflow) from operating activities</b>			<b>15,019</b>		<b>(11,751)</b>
<b>Investing activities</b>					
Purchase of intangible assets		(348)		(327)	
Purchase of tangible fixed assets		(39)		(529)	
Interest received		36		120	
<b>Net cash used in investing activities</b>			<b>(351)</b>		<b>(736)</b>
<b>Net cash used in financing activities</b>			<b>-</b>		<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>14,668</b>		<b>(12,487)</b>
Cash and cash equivalents at beginning of year			8,644		21,131
<b>Cash and cash equivalents at end of year</b>			<b>23,312</b>		<b>8,644</b>

**NCS TRUST C.I.C.****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

**1 ACCOUNTING POLICIES****COMPANY INFORMATION**

NCS Trust C.I.C is a company limited by guarantee domiciled and incorporated in England and Wales. The registered office is The Pembroke Building, Kensington Village, Avonmore Road, London, W14 8DG.

The company's principal activities are disclosed in the Annual Report.

**ACCOUNTING CONVENTION**

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000, except where otherwise indicated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. NCS Trust C.I.C. constitutes a public benefit entity as defined by FRS 102.

**GOING CONCERN**

The Directors have considered the going concern principle with reference to the Financial Reporting Council publication "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" (April 2016). The directors have considered whether any matters constitute a material uncertainty that may lead to significant doubt about going concern, and have concluded that there are no such matters. Given the firm commitment of central government to supporting the National Citizen Service programme, the directors have concluded that with present funds, committed grants, and grants and donations under discussion, delivery of the full planned programme will be maintained for a period of at least 12 months from the date of signing these financial statements.

The National Citizen Service Bill announced in May 2016 allows for the formation of a new entity which will be established under Royal Charter status at some point in the future. The Bill received Royal Assent in April 2017.

Currently discussions are ongoing with DCMS as to the future legal structure of the Royal Charter body but the directors have determined that this will not impact on the going concern of the Community Interest Company (CIC), on the basis that the CIC, in agreement with DCMS, is able to retain its own reserves. The directors believe that these reserves will be more than sufficient to meet any liabilities that arise within the CIC in the event of a transfer of the programme delivery to any new entity. Therefore the financial statements are prepared on a going concern basis.

**TURNOVER**

Government grants received for funding of programme and operational activities (core funding) are recognised on an accruals basis, covering the period when related costs are incurred.

Procurement income is received for merchandise purchases made on behalf of the programmes charged at a mark-up and recognised on an accruals basis.

Parental contributions are recognised on an accruals basis covering the period of attendance.

**INTANGIBLE FIXED ASSETS OTHER THAN GOODWILL**

Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	straight line over 5 years
----------	----------------------------

**TANGIBLE FIXED ASSETS**

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures & Fittings	straight line over 1 - 5 years
Computer hardware	straight line over 3 years
Leasehold improvements	straight line over the shorter of length of lease or 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Items are capitalised on a unit basis, whereby individual items over the value of £1,000 are capitalised. A full month's depreciation is charged on the month of acquisition.

## STOCKS

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

## FINANCIAL INSTRUMENTS

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

## BASIC FINANCIAL ASSETS

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

## IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

## CLASSIFICATION OF FINANCIAL LIABILITIES

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

## BASIC FINANCIAL LIABILITIES

Basic financial liabilities, including trade and other creditors that are classified as debt, are initially recognised at transaction price.

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

## TAXATION

Income in relation to grants received from government departments used in the principal activity of the company are considered to be outside the scope of UK corporation tax; all other income is within the scope of UK corporation tax.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

## PROVISIONS

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

## EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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



## NCS TRUST C.I.C.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 31 MARCH 2017

### 1 ACCOUNTING POLICIES CONTINUED

#### RETIREMENT BENEFITS

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### LEASES

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### NON-CASH BENEFITS

Where goods or services have been donated, management has estimated their value, in accordance with FRS 102 PBE34.64 to PBE34.74, and recognised material items in these financial statements.

### 2 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### CRITICAL JUDGEMENTS

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### USEFUL ECONOMIC LIVES OF TANGIBLE ASSETS

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 12 for the carrying amount of the property plant and equipment, and Note 1 for the useful economic lives for each class of assets.

#### NON-CASH BENEFITS

Management has made an estimate of the value of donations in kind, and, where the amount is material, the donor has verified the estimate.

### 3 PRIOR PERIOD ADJUSTMENT

#### PERFORMANCE-RELATED PAY AWARDS ACCRUAL

Given that there is a history of awarding performance-related pay awards, in the directors' view there is a constructive obligation to award the performance-related pay awards in respect of performance in the period and this should be included based upon a best estimate. In this instance, since the accounts were finalised after the performance-related pay awards were paid, the amount of the performance-related pay awards was known and could be accrued and disclosed appropriately.

Whilst the original treatment of performance-related pay awards was to account for them in the year of payment (whilst there was initially no historical precedent in the first year they were awarded), it is the directors' contention that in subsequent years there was a misstatement by not accruing the performance pay awards and the annual accounts should be adjusted. It was decided that the previous year's figures should be restated. For the year ending 31 March 2016, the accrual would be £108,596 (2015: £150,008). As a result of this adjustment, the government grant income receivable (included in accrued income) as at 31 March 2016 was reduced by £41,412. It was decided that, in line with this revised treatment, the previous year's figures should be restated as below.

The restated closing reserves in 2015 has therefore reduced to £140,826 compared with the previously reported amount of £290,834 as can be seen in Note 20.

In addition to the impact of the prior period adjustment described above the remuneration for qualifying services (in total and to the highest paid director) in Note 8 have been revised to adjust for an overstatement in the prior year. This adjustment amends the 2016 disclosure of directors' remuneration only, and did not affect the Statement of Comprehensive Income or Balance Sheet.

#### FOR THE YEAR ENDED 31 MARCH 2016

	SURPLUS/(DEFICIT)		BALANCE SHEET		
	ADMINISTRATIVE EXPENSES £'000	TURNOVER £'000	OPENING RESERVES £'000	ACCRUALS £'000	ACCRUED INCOME £'000
As previously reported	17,454	156,339	291	2,576	7,170
2015 Performance-related pay award accrual	(150)	-	(150)	-	-
2016 Performance-related pay award accrual	109	-	-	109	-
2016 Accrued government grant receivable	-	(41)	-	-	(41)
	17,413	156,298	141	2,685	7,129

#### 4 TURNOVER AND OTHER REVENUE

An analysis of the company's turnover is as follows:

TURNOVER ANALYSED BY CLASS OF BUSINESS:	2017	2016
	£'000	AS RESTATED £'000
Programme & operational grants	180,492	154,833
Donations in kind	2,368	35
Other income	4,801	1,430
	187,661	156,298
TURNOVER ANALYSED BY GEOGRAPHICAL MARKET:	2017	2016
	£'000	£'000
United Kingdom	187,661	156,298

Other income includes parental contributions and sponsorship income.

**NCS TRUST C.I.C.****NOTES TO THE FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2017**5 OPERATING SURPLUS/(DEFICIT)**

	2017 £'000	2016 £'000
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR IS STATED AFTER CHARGING:		
Depreciation of owned tangible fixed assets	252	85
Loss on disposal of tangible fixed assets	4	-
Amortisation of intangible assets	125	67
Operating lease charges	200	229

**6 AUDITORS' REMUNERATION**

	2017 £'000	2016 £'000
FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES:		
Audit of the company's financial statements	35	29
FOR OTHER SERVICES:		
All other non-audit services	9	21

**7 EMPLOYEES**

The average monthly number of people (including directors) employed by the company during the year was:

	2017 NUMBER	2016 NUMBER
Staff	104	50

Their aggregate remuneration comprised:

	2017 £'000	2016 AS RESTATED £'000
Wages and salaries	4,816	2,729
Social security costs	565	334
Pension costs	171	121
	<b>5,552</b>	<b>3,184</b>



The number of employees whose remuneration exceeded £60,000 for the year is detailed below. These figures do not include the executive directors who are listed in the remuneration report.

	2017 NUMBER	2016 NUMBER
£60,000 – £64,999	3	4
£65,000 – £69,999	–	1
£70,000 – £74,999	5	1
£75,000 – £79,999	1	2
£80,000 – £84,999	3	–
£85,000 – £89,999	1	2
£90,000 – £94,999	–	–
£95,000 – £99,999	1	–
£100,000+	1	–
	<b>15</b>	10

## 8 DIRECTORS' REMUNERATION

	2017 £'000	2016 AS RESTATED* £'000
Remuneration for qualifying services	357	471
Company pension contributions to defined contribution schemes	18	23
	<b>375</b>	494

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	122	124
Company pension contributions to defined contribution schemes	6	6

\* See Note 3.

## NCS TRUST C.I.C.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2017

## 9 INTEREST RECEIVABLE

	2017 £'000	2016 £'000
<b>Interest income</b>		
Interest on bank deposits	36	120

## 10 TAXATION

	2017 £'000	2016 £'000
<b>Current tax</b>		
UK corporation tax on surplus for the current period	13	-

The total tax charge for the year included in the surplus/(deficit) account can be reconciled to the surplus before tax multiplied by the standard rate of tax as follows:

	2017 £'000	2016 £'000
Surplus before taxation	4,145	-
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	829	-
Tax effect of expenses that are not deductible in determining taxable surplus	36,315	31,171
Tax effect of income not taxable in determining taxable surplus	(37,254)	(31,188)
Adjustments in respect of prior years	13	-
Deferred tax adjustments in respect of prior years	5	-
Fixed asset differences	77	30
Underprovision in current year	1	(13)
Deferred tax not recognised	27	-
Tax expense for the year	13	-

The company has estimated taxable trade losses of £109,364 (2016: £13,265) available to carry forward against future taxable trading surplus.

## 11 INTANGIBLE FIXED ASSETS

	SOFTWARE £'000
<b>Cost</b>	
At 1 April 2016	502
Additions	348
At 31 March 2017	<b>850</b>
<b>Amortisation and impairment</b>	
At 1 April 2016	74
Amortisation charged for the year	125
At 31 March 2017	<b>199</b>
<b>Carrying amount</b>	
At 31 March 2017	<b>651</b>
At 31 March 2016	428

## NCS TRUST C.I.C.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2017

## 12 TANGIBLE FIXED ASSETS

	FIXTURES & FITTINGS £'000	COMPUTER HARDWARE £'000	LEASEHOLD IMPROVEMENTS £'000	TOTAL £'000
<b>Cost</b>				
At 1 April 2016	400	56	72	528
Additions	18	8	13	39
Disposals	(6)	-	-	(6)
At 31 March 2017	<b>412</b>	<b>64</b>	<b>85</b>	<b>561</b>

### Depreciation and impairment

At 1 April 2016	49	11	24	84
Depreciation charged in the year	197	19	36	252
Disposals	(2)	-	-	(2)
At 31 March 2017	<b>244</b>	<b>30</b>	<b>60</b>	<b>334</b>

### Carrying amount

At 31 March 2017	<b>168</b>	<b>34</b>	<b>25</b>	<b>227</b>
At 31 March 2016	351	45	48	444

## 13 STOCKS

	2017 £'000	2016 £'000
Finished goods	<b>228</b>	172



**14 DEBTORS**

	2017 £'000	2016 £'000
AMOUNTS FALLING DUE WITHIN ONE YEAR:		
Trade debtors	240	184
Other debtors	6,361	50
Prepayments	1,131	589
Accrued income	45	7,129
	<b>7,777</b>	7,952

Accrued income at 31 March 2016 included £6,258,588 of grant due from Her Majesty's Government under the 2015/16 Grant Agreement, the payment of which was deferred by mutual agreement to 2016/17. At 31 March 2017 no such amounts were included in prepayments and accrued income.

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £'000	2016 AS RESTATED £'000
Trade creditors	5,987	13,947
Other taxation and social security	231	114
Other creditors	27	44
Accruals	8,595	2,685
Deferred income	13,035	666
	<b>27,875</b>	17,456

**16 FINANCIAL INSTRUMENTS**

	2017 £'000	2016 £'000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	6,646	7,363
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	14,609	16,676

## NCS TRUST C.I.C.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2017

## 17 PROVISIONS FOR LIABILITIES

	2017 £'000	2016 £'000
Dilapidations provision	47	43
<b>MOVEMENTS ON PROVISIONS:</b>		
		DILAPIDATIONS £'000
At 1 April 2016		43
Additional provisions in the year		4
At 31 March 2017		<b>47</b>

The provision for dilapidations is made in respect of the Trust's occupation at its former principal office of accommodation at the Kensington Aldridge Academy, 1 Silchester Road, London, W10 6EX.

## 18 RETIREMENT BENEFIT SCHEMES

	2017 £'000	2016 £'000
<b>DEFINED CONTRIBUTION SCHEMES:</b>		
Charge to surplus/(deficit) in respect of defined contribution schemes	171	121

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the balance sheet date contributions of £27,400 (2016: £10,673) were outstanding and included in creditors.

## 19 COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee. The liability of its members, who number one, shall not exceed £1 each.

## 20 SURPLUS/(DEFICIT) ACCOUNT

	NOTES	2017 £'000	2016 AS RESTATED £'000
At the beginning of the year		141	291
Prior year adjustment	3	-	(150)
As restated		141	141
Surplus for the year		4,132	-
At the end of the year		<b>4,273</b>	141

Surplus for the year relates to the other income received from parental contributions to the programme and sponsorship net of related expenditure.

## 21 OPERATING LEASE COMMITMENTS

### LESSEE

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £'000	2016 £'000
Within one year	103	60
Between one and five years	132	181
	<b>235</b>	241

## 22 RELATED PARTY TRANSACTIONS

### REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel, who are the executive directors, is as follows:

	2017 £'000	2016 AS RESTATED £'000
Aggregate compensation (including employer's NI)	406	556

## NCS TRUST C.I.C.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2017

## 23 CASH GENERATED FROM OPERATIONS

	2017 £'000	2016 £'000
Surplus for the year after tax	4,132	-
<b>Adjustments for:</b>		
Taxation charged	13	-
Investment income	(36)	(120)
Loss on disposal of tangible fixed assets	4	-
Amortisation and impairment of intangible assets	125	67
Depreciation and impairment of tangible fixed assets	252	85
Increase in provisions	4	43
<b>Movements in working capital:</b>		
(Increase) in stocks	(56)	(65)
Decrease/(increase) in debtors	175	(7,682)
Increase/(decrease) in creditors	10,419	(4,079)
Cash generated from/(absorbed by) operations	15,032	(11,751)





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NCS in Hope Valley





“NCS plays such a vital role. NCS helps young people forge friendships across social divides and enhance their confidence and self-esteem.”

Prime Minister Theresa May

“We want stronger communities and confident and engaged young adults. That’s why I am proud to support National Citizen Service. It brings young people from different backgrounds together and helps them develop new skills. I’d encourage everyone to get involved.”

The Rt Hon. Lord David Blunkett,  
Non-Executive Director, NCS Trust