

National Citizen Service

Annual Report & Accounts

Year ending 31st March 2019

NCS Trust CIC

(Community Interest Company)

Company Registration No. 08235117

(England and Wales)



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Company Information

NCS Trust C.I.C. is a not for profit social enterprise that existed to run the NCS programme until 30 November 2018, when the programme was transferred to a new body incorporated by Royal Charter.

Directors

The Rt Hon. the Lord David Blunkett
Stephen Greene CBE
Michael Lynas* (resigned 10 December 2018)
Dame Julia Cleverdon DCVO CBE (resigned 14 November 2018)
Dame Martina Milburn DCVO CBE (resigned 24 July 2018)
Shaun Whatling (resigned 14 November 2018)
Nick Farnhill (resigned 14 November 2018)
Sue Gray (resigned 4 December 2018)
Pippa Dunn (resigned 14 November 2018)
John Maltby (resigned 14 November 2018)

*Denotes an Executive Director

Company Number 08235117

Registered Office

The Pembroke Building
Kensington Village
Avonmore Road
London
W14 8DG

Auditor

RSM UK Audit LLP
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

About NCS

Expanding from just 8,000 participants at its launch in 2011, to around 100,000 in 2018/19, National Citizen Service (NCS) is the country's fastest-growing youth programme in over a century.

Operating across England and in Northern Ireland, NCS works with 16 to 17 year-olds, from a range of different backgrounds, at a pivotal point in their lives in order to improve social mobility, social cohesion and social engagement.

We are working hard to ensure NCS becomes a rite of passage that is a normal part of growing up, which helps to equip and empower generations of young people.

We do this by bringing young people together in common purpose for two or four weeks to design and deliver their own community action projects – building their confidence in what they can achieve, as well as creating bridges across social divides and ladders to opportunity. By offering young people an innovative and engaging shared experience, NCS helps them to become better individuals and, in turn, better citizens.

Our programme is a unique chance for teenagers to live away from home, develop key life skills and interact with other young people from different backgrounds. NCS is funded by the Government, which means no one is prevented from taking part for financial reasons. Our programmes take place outside of term time; the summer programme takes four weeks to complete, with a shorter two-week version taking place in the autumn and spring. The programme is delivered by a family of over 100 grassroots organisations, each with unique local expertise and a passion for inspiring young people.

NCS participants experience a range of outdoor activities, learn new skills (from teamwork, leadership and public speaking to basic cooking and budgeting) and meet with local charities and entrepreneurs, and then commit 30 hours to a social action project, which they themselves deliver and promote – empowering young people to make a real change in their local communities, while fostering a sense of social responsibility for the future.

Longer term, NCS graduates have exclusive access to a wealth of work and volunteering opportunities across the country. Following graduation, former participants can also continue to make their mark within the organisation through our Regional Youth Board, Leaders Programme and National Youth Board – ensuring that young people's voices remain at the heart of the decisions we make.

Strategic Report

for the year ended 31 March 2019

Introduction - Statement by the Chair, Stephen Greene CBE

2018-19 was a momentous year for NCS Trust Community Interest Company (the "Company") and for the National Citizen Service programme. After a great deal of hard work over a prolonged period, responsibility for delivering the NCS programme was transferred to a new body incorporated by Royal Charter, the National Citizen Service Trust (the "Trust") on 1 December 2018. Save for cash reserves held by the Company, professional fees and staff rewards, the entire business, assets and undertaking of the Company was transferred to the Trust with effect from 30 November 2018. The Company did not trade during the remaining four months of the financial year.

I wish my colleagues at the new National Citizen Service Trust every success in the future. The NCS programme changes lives, and I know that you will continue to grow NCS, delivering wonderful experiences and boosting life chances for many, many more young people in the years ahead.

Business review

This year is more complex than usual. While the Company delivered the NCS programme for the first eight months of the year, material costs were incurred by the Trust in the final four months of the year in relation to recruitment for the programmes to be delivered in 2019. In order to preserve transparency in the use of taxpayers' funds in delivering the National Citizen Service programme, a single, full report will be provided by the board of the Trust within their annual report and accounts for the year ended 31 March 2019.

The Company achieved a surplus of £5.2 million during those eight months, of which £2 million was transferred to the Trust on 30 November 2018. The retained surplus for the year was therefore £3.2 million (2017/18: surplus £2.5 million) which equates to the amounts received from parents or guardians of the young people taking part in the NCS programme. The full cost of delivering the programme was met by the public purse and benefited from lower administrative costs, driven primarily by lower salaries and other people-related costs and savings in our media buying.

The financial position of the Company at the end of the year was satisfactory, with cash on deposit of £9.1 million.

Key performance indicators

Given the transfer of the Company's business activities during the year and the commitment of the National Citizen Service Trust to produce accountability reporting for the year ended 31 March 2019, the directors do not feel it is necessary to produce KPIs for an understanding of the development, performance or position of the Company's business. For a full review of the KPI's please refer to the NCS Royal Charter Body Trust accounts, which can be obtained from the NCS Trust office at The Pembroke Building, Kensington Village, Avonmore Road, W14 8DG.

We measure ourselves against the following objectives;

Objective 1: Increase demand to fill places and improve retention of participants

Objective 2: Ensure delivery of high quality and socially mixed NCS programmes

Objective 3: Improve programme impact

Objective 4: Secure sustainability by building a broad base of support

Objective 5: Increase value for money for taxpayers

Principal risks and uncertainties

During the first eight months of the year, the Company faced a number of material risks and uncertainties associated with the delivery of the National Citizen Service programme. Following the transfer of that responsibility to the Trust, those operational risks are no longer a responsibility of the Company.

From 1 December 2018 to the date of this report the Company's principal risks and uncertainties have related to:

- Credit risk - the Company's sole asset is cash on deposit with a major UK financial institution, which has an investment grade credit rating and is appropriately authorised and regulated. There is a risk that the bank could default on repaying the funds deposited with it, which the board judges to be remote.
- Strategic risk - the future purpose and direction of the Company has not yet been decided. The board of the Company is considering, taking into account the views of the board of the Trust, the best course of action to pursue.

This Strategic Report was approved by the board on 8th January, 2020.

On behalf of the board:



Stephen Greene CBE

Chairman

Financial Review

This review provides a summary of the Company's financial performance for the first eight months of 2018/19, as relates to these financial statements, which have been prepared in accordance with FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Company, which was primarily funded through a Central Government grant, operated at a surplus for the year, due to an increase in self-generated income. However, our government grant was only used for expenditure directly linked to delivery of our programme and associated costs.

Our Income

Central Government Grant - £121.8m, 8 months (2018 – 12 months: £181.1m)

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

Other Income - £5.1m, 8 months (2018 – 12 months: £4.6m)

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

Our Costs

Delivery Partner Costs - £99.3m, 8 months (2018 – 12 months: £146.5m)

The significant portion (2019: 81.5%; 2018: 80.9%) of the Central Government grant was distributed through our nine regional delivery partners (RDPs), who work with over 100 local delivery partners (LDPs), to pay for delivery of the programme. During the period to 30 November 2018, the Company continued in its role as RDP for one of the regions, working directly with LDPs.

Support Costs - £19.0m, 8 months (2018 – 12 months: £31.8m)

The Company manages key central functions, including Marketing, Strategy, Operational Support, Partnerships, IT, People & Office 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.

Strategic Investment Costs

The following costs are included in delivery and support costs.

Staff Costs - £8.2m, 8 months (2018 – 12 months: £10.3m)

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 Company, resulting in a cost increase.

Call Centre Costs – £1.1m, 8 months (2018 – 12 months: £1.6m)

Our Call Centre handles a monthly average of 34,480 calls (28,422 outbound and 6,058 inbound) and 2,341 live chats a month.

Customer Relationship Management – £0.05m, 8 months (2018 – 12 months: £0.9m)

In order to engage with higher numbers of young people and parents, NCS changed its strategy from using targeted direct mailing to engaging with young people through texts messaging and email.

Salesforce – £1.3m 8 months (2018 – 12 months: £1.8m)

Last year we negotiated a five year licencing deal with Salesforce.org. at £1.8m per year, with our spend keeping within the agreed contract limits during the period.

Reserves Policy

Reserve funds held consist of unutilised funds received from parental contributions.

Working Capital

At the end of the year, our working capital was £10.0m (2018: £6.1m). The increase is as a result of the current liabilities being transferred to the Royal Charter, and the Company's receipt of £4.8m in parental contributions (2018: £3.7m).

The Company follows the Prompt Payment Code as launched by the Department for Business Energy and Industrial Strategy (sponsored by the Institute of Credit Management). Details of the code can be found on the website www.promptpaymentcode.org.uk. Only 0.8% (2018: 3%) of the trade payables balance at 30 November were older than 30 days.

Directors' Report

for the year ended 31 March 2019

The directors of NCS Trust CIC (the "Company") present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of the company for the first eight months of the year was that of managing the delivery of the National Citizen Service programme.

From 1 December 2018 onwards, this responsibility has been transferred to a new body incorporated by Royal Charter, the National Citizen Service Trust (the "Trust"). Save for cash reserves held by the Company, professional fees and staff rewards, the entire business, assets and undertaking of the Company was transferred to the Trust with effect from 30 November 2018. The Company did not trade during the remaining four months of the financial year.

Results

The Company recorded a surplus of £3.2 million for the year (2017/18: surplus £2.5 million).

For the first eight months of the year, the Company was funded to deliver the National Citizen Service programme by Her Majesty's Government through an annual Grant Agreement, which was designed to cover the Company's costs after other sources of income have been taken into account. Under this arrangement, grant-in-aid was paid quarterly in advance and any surplus provision repaid by deduction in a subsequent quarter. Although timing differences can arise between cash funding through the Grant Agreement and accounting for costs under UK GAAP, the directors are satisfied that the Company's costs were fully covered and had received assurance from HM Government of continuity of funding to meet the Company's obligations.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Stephen Greene CBE	Independent non-executive director and chair of the board	
The Rt. Hon. Lord David Blunkett	Independent non-executive director	
Michael Lynas	Executive director and Chief Executive Officer	(resigned 10 December 2018)
Dame Julia Cleverdon	Independent non-executive director	(resigned 14 November 2018)
Pippa Dunn	Independent non-executive director	(resigned 14 November 2018)
Nick Farnhill	Independent non-executive director	(resigned 14 November 2018)
Sue Gray	Non-executive director appointed by DCMS	(resigned 4 December 2018)
John Maltby	Independent non-executive director	(resigned 14 November 2018)
Dame Martina Milburn	Independent non-executive director	(resigned 24 July 2018)
Shaun Whatling	Independent non-executive director	(resigned 14 November 2018)

Results

The results of the Company's operations for the year are explained in the Strategic Report on page 5. In order to preserve transparency in the use of taxpayers' funds in delivering the National Citizen Service programme, a single, full report will be provided by the board of the Trust within their annual report and accounts for the period ended 31 March 2019.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for its directors during the year, by purchasing a policy of directors' and officers' liability insurance. These provisions remain in force at the reporting date.

Supplier payment policy

Whilst trading, it was the Company's policy to agree the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice. The Company followed (and will, if relevant, choose to follow) the Prompt Payment Code in respect of its supplier payments. Details of the code can be found on the website www.promptpaymentcode.org.uk.

Corporate Governance

The Company is a Community Interest Company and takes the legal form of a private company limited by guarantee, with no share capital.

The Board currently comprises two non-executive directors. Prior to the transfer of the Company's business, assets and undertaking to the Trust, the board comprised ten directors. This comprised the non-executive chair, one executive director, seven non-executive directors and one Government appointed non-executive director. The role of the Board is to establish the corporate strategy, ensuring that the company is properly resourced and able to carry out its functions effectively, impartially and independently.

The directors adhered to high standards of best practice in corporate governance whilst the Company was an operating entity, and continues to do so even though the Company no longer trades.

The Board typically met quarterly and detailed papers were circulated in advance of each meeting to ensure that the directors are able to make informed decisions. The directors confirmed on a number of occasions that they had full and timely access to all relevant information required to carry out their functions.

Registers of directors' interests were, and continue to be, maintained to ensure that there is no actual or apparent conflict of interests.

Committees

Up to the 30 November 2018, the board previously delegated some of its responsibilities and decision-making powers to committees. At board meetings the committee chairs provided written or oral reports of the key issues considered at the relevant committee meetings. Details of the committees created by the board during the period when the Company was an operating entity are as follows:

Audit and Risk Committee

The audit and risk committee, which met up to six times a year, consisted of three non-executive directors, one of whom chaired the committee. Its remit was to review, on behalf of the board, the Company's plans, budgets, internal control arrangements, financial statements, internal and external audit reports and the risk register, before the submission of these to the board. The committee also considered matters brought to its attention by the internal and external auditors. The committee also reviewed the Company's whistleblowing policy and any issues notified through that reporting arrangement.

Nominations Committee

The nominations committee, which met as required, consisted of the Chair, two non-executive directors and a chairman independent of the executive. Its remit was to review, on behalf of the board, the composition and balance of skills of the board, consider succession planning and, where appropriate, identifying candidates for roles.

Remuneration Committee

The remuneration committee, which met as required, consisted of the Chair, two non-executive directors and a chair independent of the executive. Its remit was to review, on behalf of the board, all aspects of executive director remuneration and employee remuneration policy generally.

Senior Leadership Team

An executive committee chaired by the Chief Executive Officer which met at least once a week throughout the year. This grouping oversaw the day-to-day management of the Company on behalf of the board, applying the decision-making powers and authority delegated from the board to the CEO, in all areas other than those specifically reserved to the board.

Internal control

The board is responsible for the Company's system of internal control, which is designed to manage and reduce the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Financial instruments

The Company does not utilise complex financial instruments

Disabled persons

The Company now has one part time employee. Should any employment opportunities arise, the Company will employ disabled persons when they are suitable for a particular vacancy and every effort will be made to ensure that they are given full and fair consideration should such opportunities arise. 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, regardless of any disability.

Employee involvement

In general, the Company encourages the involvement of its employees through regular communication meetings designed for the dissemination of information of particular concern to employees and for receiving their views on important matters of policy. The Company recognises the importance of all employees engaging in the NCS programme and staff are encouraged to visit the programmes and otherwise become involved. The Company also operates a volunteering policy for employees to encourage engagement in other social action and charitable projects.

Future developments

The board of the Company is considering, taking into account the views of the board of the new NCS Trust, the best course of action in relation to the future development of the Company.

Auditor

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

Disclosure of relevant audit information 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 to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Matters of strategic importance

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

This Directors' Report was approved by the board on 8th January, 2020

On behalf of the board



Stephen Greene CBE

Chairman

Directors' Responsibilities Statement

for the year ended 31 March 2019

The directors are responsible for preparing the Strategic Report, Directors' Report and 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;
- 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.

Independent Auditor's Report to the Members of NCS Trust C.I.C (Community Interest Company)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NCS TRUST CIC

Opinion

We have audited the financial statements of NCS Trust CIC (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, balance sheet, statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Independent Auditor's Report to the Members of NCS Trust C.I.C (Community Interest Company)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Independent Auditor's Report to the Members of NCS Trust C.I.C (Community Interest Company)

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.

Kerry Savage

KERRY GALLAGHER (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading, Berkshire
RG1 3EU

Date *08 JANUARY 2020*

NCS Trust C.I.C
(Community Interest Company)
Statement of Comprehensive Income
For the year ended 31 March 2019

		2019	2018
		Discontinued Operations	Discontinued Operations
	Notes	£'000	£'000
Turnover	3	126,821	185,678
Cost of sales		(102,647)	(151,446)
Gross profit		24,174	34,232
Administrative expenses		(19,004)	(31,774)
Operating surplus	4	5,170	2,458
Interest receivable and similar income	8	48	37
Surplus before transfer to RCB		5,218	-
Loss on transfer to RCB	23	(2,018)	-
Surplus before taxation		3,200	2,495
Taxation	9	-	6
Surplus for the financial year	19	3,200	2,501
All operations are discontinued			

NCS Trust C.I.C
 (Community Interest Company)
 Balance Sheet
 For the year ended 31 March 2019

Company Number: 08235117

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10	-	-	-	477
Tangible assets	11	-	-	-	244
					<u>721</u>
Current assets					
Stocks	12	-	-	91	-
Debtors	13	2,110	-	6,155	-
Cash at bank and in hand		9,099	-	13,134	-
		<u>11,209</u>		<u>19,380</u>	
Creditors: amounts falling due within one year	14	(1,235)	-	(13,240)	-
		<u></u>		<u></u>	
Net current assets			9,974		6,140
			<u></u>		<u></u>
Total assets less current liabilities			9,974		6,861
Provisions for liabilities	16		-		(87)
			<u></u>		<u></u>
Net assets			9,974		6,774
			<u></u>		<u></u>
Capital and reserves					
Profit and loss account	19		9,974		6,774
			<u></u>		<u></u>

The financial statements were approved by the board of directors and authorised for issue on 8th January, 2020 and are signed on its behalf by:



.....
Stephen Greene CBE
Chairman

NCS Trust C.I.C
(Community Interest Company)
Statement of Cashflows
For the year ended 31 March 2019

		2019		2018	
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operations	22		(4,053)		(10,033)
Income taxes paid			0		6
			<u> </u>		<u> </u>
Net cash inflow from operating activities			(4,053)		(10,027)
Investing activities					
Purchase of tangible fixed assets		(8)		(188)	
Disposal of fixed assets		(22)			
Interest received		48		37	
		<u> </u>		<u> </u>	
Net cash used in investing activities			18		(151)
Net increase/(decrease) in cash and cash equivalents			(4,035)		(10,178)
Cash and cash equivalents at beginning of year			13,134		23,312
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>9,099</u>		<u>13,134</u>

NCS Trust C.I.C

(Community Interest Company)

Notes to the Financial Statements

For the year ended 31 March 2019

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, company number 08235117.

The company's principal activities until 30 November 2018, 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).

Although the operational activity of the NCS programme passed to the Royal Charter body, the Directors are confident that NCS Trust CIC have sufficient reserves to meet its liabilities as they fall due for a period of at least twelve months from the date of authorising these financial statements and therefore continue to adopt the going concern basis of accounting in their preparation.

NCS Trust C.I.C

(Community Interest Company)

Notes to the Financial Statements

For the year ended 31 March 2019

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
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All intangible fixed assets were transferred to the RCB on 30 November

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.

All fixed assets were transferred to the RCB on 30 November 2018.

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.

All stocks were transferred to the RCB on 30 November 2018.

NCS Trust C.I.C

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Notes to the Financial Statements

For the year ended 31 March 2019

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS102 to all of its 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, being the transaction price less any amounts settled and any impairment losses.

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, being the transaction price less any amounts settled.

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For the year ended 31 March 2019

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 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.

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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 material goods or services have been donated, management has estimated their value, in accordance with FRS102 PBE34.64 to PBE34.74, and recognised these within income and corresponding expense within the 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 and estimates have had the most significant effect on amounts recognised in the financial statements.

Non-cash benefits

Where non-cash benefits have been donated, management make a judgement as to whether these should be included within the financial statements and where they are included management has made an estimate of the value of donations in kind, and, where the amount is material, the donor has verified the estimate.

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3 Turnover and other revenue

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

	2019	2018
	£'000	£'000
Turnover analysed by class of business		
Programme & operational grants	121,762	181,125
Donations in kind	7	85
Other income	5,052	4,468
	<u>126,821</u>	<u>185,678</u>

Other income includes parental contributions and sponsorship income.

Turnover analysed by geographical market

	2019	2018
	£'000	£'000
United Kingdom	<u>126,821</u>	<u>185,678</u>

4 Operating profit/(loss)

	2019	2018
	£'000	£'000
Operating profit/(loss) for the year is stated after charging:		
Depreciation of owned tangible fixed assets	78	162
Loss on disposal of tangible fixed assets	-	9
Amortisation of intangible assets	114	174
Stock recognised as an expense (during the year)	214	712
Operating lease charges	<u>778</u>	<u>782</u>

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5 Auditors' remuneration

	2019	2018
	£'000	£'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	58	49
	<u> </u>	<u> </u>
For other services		
All other non-audit services	4	19
	<u> </u>	<u> </u>

6 Employees

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

	2019	2018
	Number	Number
Staff	213	183

Their aggregate remuneration comprised:

	2019	2018
	£'000	£'000
Wages and salaries	6,968	8,878
Social security costs	854	979
Pension costs	360	416
	<u>8,182</u>	<u>10,273</u>

The number of employees whose remuneration exceeded £60,000 for the eight months is detailed below. (2018: 12 months)

	2019	2018
	Number	Number
£60,000 - £64,999	4	13
£65,000 - £69,999	7	5
£70,000 - £74,999	1	8
£75,000 - £79,999	1	5
£80,000 - £84,999	1	4
£85,000 - £89,999	-	1
£90,000 - £94,999	1	1
£95,000 - £99,999	-	5

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£100,000 - £104,999	1	2
£105,000 - £109,999	-	1
£110,000 - £114,999	-	1
£120,000 - £124,999	-	1
£145,000 - £149,999	-	1
	<u>16</u>	<u>48</u>

7 Directors' remuneration

	2019	2018
	£'000	£'000
Remuneration for qualifying services	85	233
Company pension contributions to defined contribution schemes	4	12
	<u>89</u>	<u>245</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1)

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

	2019	2018
	£'000	£'000
Remuneration for qualifying services	85	122
Company pension contributions to defined contribution schemes	4	6
	<u>89</u>	<u>128</u>

8 Interest receivable

	2019	2018
	£'000	£'000
Interest income		
Interest on bank deposits	<u>48</u>	<u>37</u>

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9 Taxation

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	(7)	(13)

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as shown below:

	2019	2018
	£'000	£'000
Profit on ordinary activities	3,199	2,494
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2018: 19%)	608	474
Tax effect of expenses that are not deductible in determining taxable	23,420	34,615
Tax effect of income not taxable in determining taxable profit	(24,075)	(35,142)
Adjustments in respect of prior years	(7)	(13)
Losses carried back	7	-
Deferred tax adjustments in respect of prior years	-	2
Fixed asset differences	143	65
Other adjustments, reliefs and transfers	(88)	-
Underprovision in current year	(2)	(2)
Deferred tax not recognised	(13)	(5)
Tax expense for the year	(7)	(6)

The company has estimated taxable trade losses of £0 (2018: £81,379) available to carry forward against future taxable trading profits.

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10 Intangible fixed assets

	Software £'000
Cost	
At 1 April 2018	850
Additions	-
Transfer to RCB	(850)
At 31 March 2019	<u>-</u>
Amortisation and impairment	
At 1 April 2018	373
Amortisation charged for the year	114
Transfer to RCB	(487)
At 31 March 2019	<u>-</u>
Carrying amount	
At 31 March 2019	<u>-</u>
At 31 March 2018	<u>477</u>

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11 Tangible fixed assets

	Fixtures & Fittings £'000	Computer hardware £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 April 2018	409	83	241	733
Additions	-	8	-	8
Transfer to RCB	(409)	(91)	(241)	(741)
At 31 March 2019	-	-	-	-
Depreciation and impairment				
At 1 April 2018	325	55	109	489
Depreciation charged in the year	52	14	12	78
Transfer to RCB	(377)	(69)	(121)	(567)
At 31 March 2019	-	-	-	-
Carrying amount				
At 31 March 2019	-	-	-	-
At 31 March 2018	84	28	132	244

12 Stocks

	2019 £'000	2018 £'000
Finished goods	-	91

13 Debtors

Amounts falling due within one year:	2019 £'000	2018 £'000
Trade debtors	-	103
Other debtors	2,110	380
Prepayments	-	233
Accrued income	-	5,439
	2,110	6,155

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14 Creditors: amounts falling due within one year	2019	2018
	£'000	£'000
Trade creditors	911	2,437
Other taxation and social security	-	270
Other creditors	-	63
Accruals	324	8,124
Deferred income	-	2,346
	<u>1,235</u>	<u>13,240</u>

15 Financial instruments	2019	2018
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	-	5,922
	<u>-</u>	<u>5,922</u>
Carrying amount of financial liabilities		
Measured at amortised cost	-	10,624
	<u>-</u>	<u>10,624</u>

16 Provisions for liabilities	2019	2018
	£'000	£'000
Dilapidations provision	-	87

Movements on provisions:

	Dilapidations
	£'000
At 1 April 2018	87
Provisions released in the year	(22)
Transfer to RCB	(65)
At 31 March 2019	<u>-</u>

The provision for dilapidations was 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.

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17 Retirement benefit schemes

	2019	2018
	£'000	£'000
Defined contribution		
Charge to income and expenditure in respect of defined contribution schemes	360	416
	<u>360</u>	<u>416</u>

18 Company limited by guarantee

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

19 Profit and loss account

The profit and loss reserve represents cumulative profit and loss net of any distributions.

	2019	2018
	£'000	£'000
At the beginning of the year	6,774	4,273
Surplus for the year	5,218	2,501
Transfer to RCB	(2,018)	-
At the end of the year (<i>rounding</i>)	<u>9,974</u>	<u>6,774</u>

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

20 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:

	2019	2018
	£'000	£'000
Within one year	-	1,142
Between one and five years	-	2,102
	<u>-</u>	<u>3,244</u>

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21 Related party transactions

Remuneration of key management personnel (KMP)

The remuneration of KMP, is as follows.

	2019	2018
	£'000	£'000
Aggregate compensation (including employer's National Insurance)	672	796

KMP were considered to be the executive directors and Senior Leadership Team.

22 Cash generated from operations

	2019	2018
	£'000	£'000
Profit for the year after tax	3,200	2,501
Adjustments for:		
Taxation charged		(6)
Investment income	(48)	(37)
Loss on disposal of tangible fixed assets	-	9
Loss on transfer to the RCB	559	-
Amortisation and impairment of intangible assets	114	174
Depreciation and impairment of tangible fixed assets	78	162
Increase/(decrease) in provisions	(87)	40
Movements in working capital:		
Decrease/(increase) in stocks	91	137
Decrease/(increase) in debtors	4,045	1,622
(Decrease)/increase in creditors	(12,005)	(14,635)
Cash generated from/(absorbed by) operations	(4,053)	(10,033)

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23 Transfer to RCB and discontinued operations

On 30th November 2018, barring performance related pay & professional services, all of the operations and assets and liabilities were transferred from the CIC to the RCB for £nil consideration.

The assets and liabilities transferred were transferred at their carrying value and de-recognised from the balance sheet with a corresponding net amount recognised as a net loss in the Statement of Comprehensive Income.

The following table sets out the book values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Comprehensive Income.

Transfers	000's
Tangible fixed assets	174
Intangible fixed assets	363
Stocks	85
Debtors	1,592
Cash at bank and in hand	12,070
Creditors: amounts falling due within one year	(12,202)
Provisions for liabilities	(64)
	<hr/>
	2,018
	<hr/> <hr/>