

NatCen

Social Research that works for society

Annual report and accounts.

2012/2013

NATIONAL CENTRE FOR SOCIAL RESEARCH

Company Registration Number: 4392418

Charity Registration Number: 1091768

Scotland Charity Registration Number: SC038454

At NatCen Social Research we believe that social research has the power to make life better. By really understanding the complexity of people's lives and what they think about the issues that affect them, we give the public a powerful and influential role in shaping decisions and services that can make a difference to everyone. And as an independent, not for profit organisation we're able to focus our time and energy on meeting our clients' needs and delivering social research that works for society.

Contents

Annual report

Introduction	5
Section 1. Structure, governance and management	6
Our legal structure	6
Key activities	6
Board of Trustees	8
Senior Management Team	8
Our funding and resources	9
Our approach to work	
Section 2. Social research that works for society in 2012/13	10
Performance against 2012/13 corporate objectives	10
ScotGen Social Research – the Scottish Centre for Social Research	15
Section 3. Looking ahead	17
Section 4. Financial review	18
Section 5. Trustees’ statement of their responsibilities	21
Annual accounts	
Section 6. Independent Auditor’s report	23
Section 7. Financial statements	25
Legal and administrative details	45

Annual report

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Introduction

The Trustees present this annual report with the audited financial statements for the year to 30 June 2013. These have been prepared in accordance with the Charity Commission's 'Statement of Recommended Practice (SORP): Accounting and Reporting by Charities'.

At NatCen Social Research we are driven by the belief that social research has the power to make life better. Our research works for society by providing a rich understanding of people's views, circumstances and behaviours to underpin social policy making and help address the many challenges society faces.

Over the past year, we have delivered a wide range of projects across the full policy spectrum that have been used directly by clients and other decision-makers and practitioners to inform social policy and practice. We now undertake more secondary analysis of our datasets to further extend our impact by adding new insight on sections of society or issues. We are sharing our extensive knowledge of people and society more widely through events, comment pieces and making our data available to others for analysis via data archives. During the year we have regularly drawn on this data and our annual surveys of attitudes, British Social Attitudes and Scottish Social Attitudes, to inform topical debates, including those around welfare changes and Scottish independence.

We recognise our unique role in the industry. During the past year we have continued to help build research capacity through the work of NatCen Learning which delivers training in research methods, as well as contributing to methodological innovation and debate. We have also recognised the role we can play in ensuring that research is commissioned in a way that supports innovation and the potential to deliver impact.

Our role as Trustees is to provide stewardship of the organisation. As a Board we are confident that the organisation is in a strong position to continue to deliver the high quality with impact research that society needs. I would like to thank my colleagues on the Board for their ongoing commitment to NatCen, and especially Sally Ford-Hutchinson who retired from the Board in December after over six years invaluable contributions as a Trustee. I would also like to welcome four new Trustees who joined in October 2013: Barbara Beckett, Nicholas Deyes, Barbara Noble and James Thickett.



Professor Sir Robert Burgess
Chair of Trustees

Section 1. Structure, governance and management

Our legal structure

The National Centre for Social Research (NatCen Social Research) was founded in 1969 as a registered charity governed by a Trust Deed. In July 2002 it became a company limited by guarantee (4392418) with a new charity registration number in England and Wales (1091768) and Scotland (SCO38454).

NatCen Social Research's governing document is its Memorandum and Articles of Association, last amended in 2008. This establishes the governance of NatCen Social Research as the responsibility of the Board of Trustees who are the directors of the company as well as being its members.

Key activities

The charitable objects of NatCen Social Research are 'the advancement of education through research into the social, political and economic sciences, the dissemination to the public of the results of such research and for educational purposes incidental thereto'.

In line with these formal objects, NatCen Social Research's principal activity over the past year has been the delivery of a large number of research projects into all areas of social policy, with a particular focus on health and well-being, children and young people, crime and justice, income and work, and society and social change, to inform public policy. A number of the projects we have undertaken included quantitative surveys or qualitative studies carried out throughout the UK. The Scottish Centre for Social Research (ScotCen Social Research) is an integral part of NatCen Social Research and undertakes research reflecting the distinct characteristics of the social and political environment in Scotland. We also carry out a number of projects in Wales. We do not have a field presence in Northern Ireland, but partner regularly with the Northern Ireland Statistics and Research Agency (NISRA) on major projects.

Our aim is a better society, as a result of high quality research. All NatCen Social Research's

substantive research has direct, practical application in terms of understanding social behaviour and informing policy. It is used by policy makers and political representatives, the media, academics, university students and social researchers. Increasingly, informed members of the public also take an interest in research findings.

Our research is helping shape services for the victims of crime

Also important to the delivery of our mission is NatCen Learning's work delivering training in research skills, and our work to develop research methodologies. These activities have enabled NatCen Social Research to build expertise and promote research quality amongst the wider community of researchers across the UK, and to ensure that research methods evolve and transform to solve information needs in new ways, while retaining scientific rigour. We have a distinct role to play as a not-for-profit organisation in the commercial research market in helping ensure that research is commissioned most effectively for the public good. We actively engage in the Social Research Association, with Government Social Research and in a number of specific initiatives to improve the commissioning, conduct and use of social research.

A key aim of all of our work is to deliver public benefit. We set out how we work to achieve this in Section 2: How we delivered public benefit in 2012/13.

Board of Trustees

NatCen Social Research is governed by its Board of Trustees who are also its Directors. All Directors are indemnified by insurance for Management and Corporate liabilities up to a limit of £5M at an annual cost of £7,425 (2012: £5M at a cost of £7,425).

During 2012/13 the Board comprised the following members:

- **Professor Sir Robert Burgess**
Chair of Trustees and Chair of Nominations and Remuneration Committees.
- **Alan Botterill**
Member of Remuneration Committee and Pension Scheme Trustee.
- **Ken Caldwell**
Member of Audit Committee.
- **Professor Sir Ian Diamond**
Member of Nominations and Remuneration Committees.
- **Dr Jennifer Dixon**
Member of Remuneration Committee.
- **Steve Egan**
Chair of Audit Committee.
- **Sally Ford-Hutchinson**
Member of Nominations Committee.
Retired 31 December 2013.
- **Professor Paul Wiles**
Member of Audit Committee.
- **Alison Wright**
Member of Nominations Committee.
Retired on 31 December 2012.

Biographies of all Trustees are available at www.natcen.ac.uk/about-us/people/trustee

The Articles of Association allow for a minimum of 4 and a maximum of 15 Trustees. The Board has a Nominations Committee which undertakes an open recruitment process and recommends new candidates for appointment when necessary, and ensures appropriate recruitment and succession plans are in place. During the year the Board determined the need to appoint additional Trustees to provide expertise in four areas identified by a skills audit (marketing and communications, technology, research, and commercial experience) to provide for the future retirement of existing Board members. The Board is delighted to welcome four new members with effect from 1st October 2013:

- **Barbara Beckett**
- **Nicholas Deyes**

- **Barbara Noble**
- **James Thickett**

On appointment, each Trustee completes a declaration of interests which is held within a register of interests and updated annually. Their related party transactions are disclosed in greater detail in section 4 later in this report. All conflicts are actively managed during the course of all NatCen Social Research Trustee business through the early identification of potential areas of conflict and taking actions where necessary to manage this. There is an induction programme for new Trustees that includes information about NatCen Social Research and its work, and a programme of meetings with senior staff and other Trustees.

Our research has informed an action plan to improve early years' education for children with sight loss

We meet formally as a Board with the executive Senior Management Team three times a year plus an away day and with further meetings as and when needed. We receive regular reports on NatCen Social Research's financial position and current activity, and are kept informed by management at other times on organisational news or of significant issues affecting NatCen.

As a Board we regularly review our performance to identify the need and opportunities for new ways of working and also training, which we conduct as required.

Three committees (Audit, Nominations and Remuneration) report to the Board with responsibility for the following areas:

- **Audit Committee:** Financial reporting and the effectiveness of internal controls and risk management processes, and receives audit reports.

- **Nominations Committee:** Appointment of new Trustees.
- **Remuneration Committee:** Remuneration of the Chief Executive and the Senior Management Team.

Committee members are all Trustees with the exception of Andy Farrell, Director of Finance and Facilities at the London School of Economics, who was co-opted as an independent member to the Audit Committee in September 2009.

Our research showed that offering free school meals to all children increased take up amongst the most disadvantaged

As a Board we are responsible for setting the aims and direction of NatCen Social Research and each year we approve the business plan and budget. We also have the power to appoint a Chief Executive and to delegate day to day management of NatCen Social Research to them. A clear distinction exists between our responsibilities as Trustees and the delegated responsibilities of Management that are set out in a protocol.

Senior Management Team

The Chief Executive is responsible for appointing senior managers who are collectively responsible for the management and operation of NatCen Social Research and for reporting to Trustees on the operation of the organisation, including its financial position. During the past year Kevin Ford has joined NatCen as Director of Research, and four senior managers with direct responsibility for key functions have also joined the Senior Management Team: the Directors of Human Resources, Information Systems, Learning, and Operations.

The team at the date of this report comprised:

- **Chief Executive**
Penny Young
- **Director of Research**
Kevin Ford
- **Director of Operations**
Kerrie Gemmill
- **Director of Marketing and Communications**
John Palmer
- **Director of Information Systems**
Tina Parfitt
- **Director of Finance (Interim)**
Phil Hughes
- **Director of Human Resources**
Nicola Willis
- **Director of Learning**
Kandy Woodfield

The Senior Management Team is responsible for implementing the strategy and policies agreed with Trustees and reporting to the Board on its performance in delivering these.

Our funding and resources

NatCen Social Research is funded by income from its research and educational activities. Its clients are a wide range of organisations, including government departments and agencies, research councils, regulatory bodies, universities, charities and the corporate social responsibility divisions of commercial organisations. All of NatCen Social Research's funding is contract and grant related; it receives no core funding from any source.

NatCen Social Research employed 282 full-time equivalent staff at 30 June 2013.

London-based research staff are organised into five market-facing research groups focused on particular policy areas:

- Children and Young People
- Crime and Justice

-
- Health and Well Being
 - Income and Work
 - Society and Social Change

The Scottish Centre for Social Research (ScotCen Social Research) is an integral part of NatCen Social Research that serves the research needs of its distinct market in addition to being fully involved in the above policy areas (see section 2). External training is delivered through NatCen Learning.

NatCen Social Research also has a panel of freelance interviewers and nurses covering England, Scotland and Wales, and a panel of telephone interviewers based in our Brentwood office. The management and training of these freelance workers is co-ordinated through our Operations department based in Brentwood and supported by regional home-based area managers.

Our approach to work

NatCen is an equal opportunities employer. We recognise that everyone should be treated with respect and dignity and that a working environment must be provided which is free of any form of discrimination, harassment, bullying or victimisation in relation to any of the protected characteristics. In addition, we provide the maximum possible access arrangements at each of our permanent sites in order to allow unrestricted employment of individuals who have special access needs. NatCen is committed to the effective implementation of this policy and will not condone any form of discrimination, whether engaged in by employees or by outside third parties who interact with the organisation.

We apply these work policies to those staff who we employ directly and also to those workers to whom we sub-contract on a temporary, freelance or casual worker basis.

Auditors

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed as the charitable company's auditors during the year and have indicated their willingness to continue in office.

Section 2. Social research that works for society in 2012/13

Our mission is to deliver social research that works for society. In this section we briefly describe how NatCen Social Research does this, and then review our performance in 2012/13 against the objectives we set Management. We are again able to confirm that we have complied with the duty in The Charities Accounts and Reports Regulations 2008 to have due regard to public benefit guidance published by the Charity Commission.

At NatCen Social Research we deliver our mission by:

- Focusing our work on the vitally important social issues and themes that are directly relevant to the lives of people in Britain today. These include health and nutrition, poverty, travel, social care, education, crime and justice. We undertake the most technically demanding research contracts, challenging perhaps because of the methodological approach, or because of the characteristics of the participants or research environment. As well as providing detailed understanding of the circumstances, attitudes and behaviours of the wider public, we research groups with particular needs in great detail too.
- Increasingly seeking to share and communicate what we learn about people and society as widely as possible. For example, with policy makers and their advisers, select committees and other advisory bodies, research foundations and charities, industry bodies and practitioners, participants and people in the target group, the press and media commentators, academics and the wider research community via data archives. Our reputation for robust, high quality and independent data, analysis and insights means that our research is used with confidence by a wide range of users to inform, influence and evaluate policy – directly impacting on the lives of people across the UK.
- Tackling the challenges that the survey and qualitative research world is currently facing through our methodological work and sharing our research expertise through NatCen Learning's training programme,

Economic and Social Research Council (ESRC)-funded networks, and special events that we put on.

- Working to ensure that research is commissioned most effectively for the public good by responding to public consultations, and active engagement with sector bodies. For example, through active engagement with the ESRC, Nuffield Foundation, Social Research Association and Government Social Research, and responding to research relevant consultations such as those issued by the Office for National Statistics (ONS), the All Party Parliamentary Group (APPG) on young people and policing, the Office of the Children's Commissioner, and the Department for Business, Innovation & Skills (BIS).

The above framework is informed by the Charity Commission's criteria that charities providing research should ensure that their work is useful, is shared with a wide audience and is conducted for public benefit.

Performance against 2012/13 corporate objectives

This section reports on performance against the five corporate objectives we set management last year. These objectives reflect the vision we set for NatCen Social Research in 2008 of "being the UK's leading social research organisation, setting the standards for others in generating research findings and interpreting evidence for policy purposes" and of seeking to deliver maximum public benefit from its work.

Objective 1. External impact

Last year we asked Management to continue to work to ensure our research findings are used to inform public debate and social policy, both at the individual project level, and more widely.

Achieving impact from the work we do is one of the key ways we deliver public benefit. Over

the past year at NatCen Social Research we have delivered an exciting portfolio of work across a wide range of fields. The range is extensive: from major continuous, multi-year or longitudinal studies, through to one-off studies and evaluations. This work has helped build understanding of the lives and needs of people living in the UK today.

British Social Attitudes provides understanding of changing public attitudes over the past 30 years

Considerable effort has been focused over the past year on extending the impact of this work. As we have become more efficient on our projects we have been able to invest in communications activity to both create and respond to opportunities to share our insights and understanding with the public, opinion formers and policy makers.

British Social Attitudes and Scottish Social Attitudes are our long-running flagship annual surveys of public attitudes and our key tools for informing public debate. The focus of British Social Attitudes (BSA), published in September 2012, was on the topical issue of public attitudes to welfare. Media coverage at launch was widespread and high profile (including interviews with the Chief Executive on BBC News, and a feature article on the front page of the Financial Times) and visitor numbers to the BSA website were up 50% on launch day compared to 2011. We took BSA out to the three main political party conferences for the first time during autumn 2012 to engage politicians directly with our findings; our panel discussions about how public attitudes are changing chaired by high profile journalists attracted a number of MPs as well as other opinion formers. BSA has increasingly acted as a cornerstone for the debate as welfare policy changes are implemented; we have drawn on the data for further media interviews and articles, comment pieces and blogs.

The latest Scottish Social Attitudes was published in January and its focus was on attitudes to Scottish independence. Our finding of a steep drop in public support for Scottish independence during 2012 attracted widespread media attention, supported by appearances by the Research team on Newsnight Scotland, Scotland Tonight and BBC Radio Scotland, and achieved mention in the Scottish Parliament, during questions to the First Minister. We are delighted that our long-time collaborator, Professor John Curtice, has been awarded an ESRC Fellowship as part of the ESRC's initiative on the Future of the UK and Scotland. As part of that funding, ScotCen has developed and launched a highly interactive new website (www.whatScotlandthinks.org) providing data on public attitudes and commentary to inform public debate in the run up to the vote in 2014.

We measure the impact of our work in a number of ways. As part of our client satisfaction survey we routinely seek feedback from clients on the usefulness, impact or influence that our directly funded work has had, as well as its quality and value for money, and track our performance (given that this information is commercially sensitive we are unable to publish it here).

In terms of our wider impact we measure this through a number of metrics, including number of hits to our website and number of followers on Twitter (up from 1,300 at June 2012 to over 4,000 by June 2013). This year we have started to measure awareness of NatCen amongst MPs as a further indicator. While awareness of British Social Attitudes is high at 60%, awareness of us as an organisation is considerably lower and we need to build on this to ensure that our work is being used by this key audience to inform policy. It is of course well recognised by bodies such as the ESRC and HEFCE that it can be difficult to measure the precise contribution of a piece of research to changes to policy and practice; nonetheless, some recent examples where it is clear that our research was a central component:

- Our work on online grooming has informed new draft legislation which will make online grooming an offence in Belgium and Italy.
- The Sentencing Council's new guidelines on

the sentencing of sexual offences in England and Wales for the first time put an emphasis on taking into account the psychological and longer-term effects on the victim in response to a need identified by our work; similar work for the Sentencing Council on the impact of online fraud offences has also informed draft sentencing guidelines.

- Data collected for the Health Survey for England identified high levels of undiagnosed kidney disease resulting in a more proactive approach to testing by GPs.
- Data from the Scottish Health Survey have been used by the Scottish Government as part of an attempt to model the potential impact of the introduction of minimum pricing for alcohol.
- The Government rolled out the early years education programme for the most disadvantaged two year olds based on the findings of our pilot study.
- Our research with those bereaved by murder has helped Victim Support develop and improve its homicide service, and our evidence and practice review of support for victims and outcome measurement underpinned recommendations in the Ministry of Justice's Victims' Services Commissioning Framework.
- Secondary analysis of Millennium Cohort Study data has provided unique insights into the challenges facing young children living with a visual impairment, which has resulted in the RNIB and RLSB drawing up an action plan to improve early years education for children with sight loss.

Evaluations are a key area of our work. We are commissioned by government departments and others to evaluate the impact of pilots or initiatives in order to help inform future policy decisions. During the past year we have been involved in a range of evaluations across all areas of our work. Examples include the evaluations of Children's Centres and the early years education provision for most disadvantaged children in England, the National Citizens Service pilot, Free School Meals pilot, the Quit4U smoking cessation project in

Scotland, and the Department for Work and Pensions' Trailblazers initiatives which are trialling different types of support for the long-term unemployed.

While we can deliver considerable value from individual projects, we recognise the potential offered by the depth and breadth of our work to exploit our understanding in other ways. We are now showcasing our knowledge and stimulating debate in key areas through more regular topic-based events informed by our evidence. For example, this year we held events focusing on whether there is a business case for flexible working, a briefing at the House of Lords to coincide with the start of Mental Health Awareness Week showing why addressing the long-term consequences of violence and abuse is central to the success of many government priorities, and an event focusing on what we have learnt about an under-researched group, couples who live apart, and the implications of this for society. The focus of our summer event in July 2013 for our clients and other stakeholders was on sharing our understanding about the health of the nation to prompt a debate about whether behaviour-based policy approaches are enough to improve the nation's health. Key findings of our work were presented in a short animated film which is now publicly available on our website and YouTube.

These events have helped us to take our work to new audiences and highlighted potential for exciting secondary analysis of our datasets to further extend our impact. For example, we analysed Understanding Society and the Life Opportunities Survey data to describe the nature and extent of inequalities amongst people with sight loss for the RNIB. We have also analysed data from Growing Up in Scotland to explore the development of children from different socio-economic backgrounds at the age of five for Save the Children, and undertaken a review of all Scottish datasets for the Commissioner for Children and Young People in Scotland to inform his strategic plan and work strands. The website www.modernfatherhood.org is enabling us to take our data on the role of 21st century fathers, and secondary analysis of it, to a wider audience. It is the result of a collaboration with the University of East Anglia, funded by the ESRC, and achieved

over 1,460 hits in the first month alone.

We recognise that our researchers can be counted amongst the experts in their respective fields and can contribute to informing social policy by providing evidence to select committees. During the year we have provided evidence to the Scottish Parliament's Health and Sport Committee on the issue of teenage pregnancy, the Office of the Children's Commissioner's enquiry into child sexual exploitation in gangs and groups, and to the Work and Pensions' Select Committee on the role of JobCentre Plus. We recognise that this is an activity we can develop, with the support of our new Head of Press and Public Affairs.

As well as seeking to increase the impact of our work through our own further analysis, we are also making our data available to others for their own analysis via data archives. In 2012/13 five datasets were deposited in the UK Data Archive, and over 19,000 requests to access NatCen Social Research's datasets were made via a range of databases (up from 18,000 in 2011/12). 28 of our datasets were in the top 100 downloaded from the Data Archive during the year (33 in 2011/12).

Objective 2. Methodology

We asked Management to strengthen the organisation's ability to deliver groundbreaking methodological work that supports the delivery of our high quality, and relevant research offer.

At NatCen we have a well-established reputation for methodological expertise and leadership, that not only benefits our clients but social researchers across the UK and internationally. We face the challenge of exploiting technology to enhance the range of our tools for collecting, analysing and sharing data, while ensuring that these methods are consistent with our brand and reputation for scientific rigour and quality. During the year we have further developed our qualitative and quantitative offers and strengthened our capability for secondary analysis and evaluations. We have invested in our capacity to enhance our mobile, web and mixed mode offers, and this year, for example,

we conducted a large scale mixed mode pilot on Understanding Society. As the UK co-ordinator on the European Social Survey, we have conducted a pilot mixed mode experiment. We will be taking forward our work on mixed mode on a range of projects over the next year, including our well-established Growing Up in Scotland cohort study. The new Director of Research, Kevin Ford, who arrived in July 2013 will lead on implementation of the new methodology strategy over the coming year.

Our research informed the Scottish Government's National Parenting Strategy

A key part of our mission is to deliver public benefit beyond core research projects by sharing our researchers' skills and techniques to build wider social research capability. We do this in a number of ways. NatCen Learning delivers a programme of training courses and capacity building events in research methods, as well as bespoke training for clients. 55 external events were delivered during the year (up from 47 in 2011/12); these reached a total of 548 delegates from government departments and the public sector, as well as charities and the Third sector (551 in 2011/12) The training is valued for its focus on both rigour of approach but also the practical application of research techniques. We have continued our work running one of the ESRC's National Centre for Research Methods' Networks for Methodological Innovation which has been exploring the rise of social media and its impact on social science research, engaging all sectors of the research community through events, e-seminars and tweet chats. The #NSMNSS network now has over 400 international members. In 2012/13 we held seven events, ran a range of online discussions, published 66 blog posts and a range of videos. We are seeking additional funding support to ensure NatCen can continue to take a leading role in the development of methodology in this growing area of social research.

In June we announced a collaboration with

US-based research institute, RTI International, which aims to share knowledge and expertise to further build research capacity and capability. The first joint activity will involve a series of methodological master classes in different European capital cities during 2014, drawing on both organisations' expertise to deliver cutting edge thinking in this area.

Our staff are encouraged to attend conferences and other industry events to share our insights and learning and to contribute to wider sector debate about the challenges and implications of emerging methodological techniques. In November 2012 we hosted a debate about the use of mixed mode on longitudinal studies which attracted a wide range of senior figures from the research industry. In September 2013 NatCen co-hosted the International Household Survey Non-Response Workshop, an annual event which draws together global survey specialists to look at the issues surrounding non-response in surveys.

We recognise the sector leadership role we can play in our unique position as a not for profit research organisation in terms of ensuring that research is commissioned in a way that supports innovation and enhances potential to deliver impact to ensure that it best works in the public interest. During the past year we have done this through active engagement with major commissioners such as the ESRC and the Government Social Research and by responding to the Department for Business, Innovation and Skill's triennial review of the Research Councils.

Objective 3. Delivering client satisfaction.

Last year we asked Management to ensure that we deliver projects that meet our clients' needs and make demonstrable progress in diversifying our business. We recognise that some of the detailed work here is subject to commercial confidentiality.

As an independent, not for profit organisation we are able to focus our time and energy on meeting our clients' needs and delivering the

high quality work that our clients expect. We are willing to go the extra mile to secure higher response rates that ensure the robustness of our work, and supporting the dissemination of our findings to ensure its impact. We seek feedback from clients on our work; this feedback indicates that our clients rate our projects highly and that they would recommend us to others; in the latest survey, 86% of clients said that they would be very likely to recommend us to others. Nonetheless there is scope for further improvement and we are working to build on this. We continue to develop our client offer to ensure that we meet the changing needs of existing and future clients.

A key focus over the past two years has been on diversifying our business and generating work from new clients and new markets. Our focus has been on new public sector clients in central and local government, the Third sector, as well as the corporate social responsibility divisions of major commercial organisations in recognition of the increasing role the commercial sector is playing in the delivery of public services. We have had success here and worked with a number of new clients this year including the Independent Police Complaints Commission, Big Lottery Fund, United Utilities and the Energy Technologies Institute. Our programme of events has helped us build awareness of our work amongst potential new clients.

Objective 4. Operating as a modern business

We asked Management to continue to improve the effectiveness and efficiency of our processes and ways of working, ensuring that we are doing all we can to invest in the skills and expertise of our staff to enhance our work.

A key focus of work during the early part of the year was the completion of the refurbishment of our London headquarters which now provides a building that better supports the needs of a modern business and reflects our organisation and aspirations. We now have a flexible working space that meets the needs of our staff and which we use for our NatCen Learning training

events, and to which we can invite clients and other stakeholders.

Participation of the public in our research is critical to our effectiveness and during the year this has been a particular focus. Initiatives have included the redesign of materials that seek participation in our surveys with an emphasis of the impact that our work has had on policy and practice to encourage people to give their time to us, and on more sophisticated use of tangible incentives to ensure we achieve best value for money from our spend.

We continue to work to improve the effectiveness and efficiency of our processes. Across the organisation there has been an increased focus on continuous improvement and improved internal customer service. Since the arrival of a Director of Information Systems in autumn 2012 work has commenced to implement a new technology strategy which is modernising our technology infrastructure in the office and field. This year, for example, has seen the launch of a new case management system which will underpin all new future improvements.

Our staff are critical to our work and during the past year we have enhanced our training offer. Our focus has been on equipping staff with the business skills they need for the increasingly competitive research market we operate in, as well as on strengthening the management and leadership capability of our managers.

Objective 5. Financial performance

Last year we asked Management to ensure financial sustainability through delivery of an agreed surplus.

As the financial review reports, NatCen Social Research delivered a net surplus of £765K in 2012/13. This was a result of continued efforts to win and deliver work and improve our efficiency. The surplus enables us to continue to invest to further improve the organisation and deliver enhanced public benefit.

Our research has informed the early years' education programme for the most disadvantaged two year olds

As Trustees we receive regular reports on the organisation's financial position and will continue to review management's business plans to ensure that these are contributing to the longer-term restoration of its balance sheet. During the year we received independent assurance that the actions we were taking to respond to the pension scheme deficit were appropriate.

For further information on our business priorities for 2013/14 see Section 3, Looking Ahead.

ScotCen Social Research – the Scottish Centre for Social Research

NatCen Social Research first established an office in Edinburgh following devolution in 1999. In 2004, following the incorporation of Scottish Health Feedback, an independent research consultancy, this was re-launched as the Scottish Centre for Social Research (ScotCen Social Research). This is the trading name for NatCen in Scotland and it is not a separate legal entity.

ScotCen Social Research has a dedicated team of researchers and has established itself as a leading supplier of applied social research and evaluation in Scotland – clearly embedded in and impacting on Scottish policy and research networks, but also drawing on and contributing to NatCen Social Research as a whole.

ScotCen Social Research works across the full range of policy domains but has a particular focus and expertise in delivering impact in three: children and families, health, and crime and criminal justice. Its clients include the Scottish Government as well as other public

bodies including the NHS, and it undertakes work funded by charitable foundations and the research councils.

ScotCen Social Research's profile has in part grown as a result of a high quality and highly visible survey of social attitudes – the Scottish Social Attitudes survey. This launched in 1999 as a sister survey to the long-running and successful British Social Attitudes study. With over ten years of data, Scottish Social Attitudes is now the foremost source of robust information on changing social and political attitudes in Scotland. Our latest report focused on attitudes to Scottish independence and we are drawing on this to contribute to the ongoing debate. We are also taking an active role in informing this debate through our work leading a high profile ESRC funded project which is pulling together all polling information on a website for the public, What Scotland thinks, ahead of the vote in 2014.

Another flagship project is the Growing Up in Scotland (GUS) study, funded by the Scottish Government. This is a panel study following the lives of over 10,000 Scottish children and their families through the early years and into later childhood which we have been undertaking since 2005. GUS is widely used by ministers and their advisers to monitor, evaluate and formulate policy. The project itself has an active engagement strategy, which seeks to make the findings accessible and used in a wide range of settings, including policy, practice and academia to ensure its public benefit. All research findings are available from the publicly accessible GUS website. We have also taken steps during the past year to further extend the impact of this work by undertaking secondary analysis of the findings ourselves. This has included analysis to explore the development of children from different socio-economic backgrounds at the age of five for Save the Children, and a review of all Scottish datasets for the Commissioner for Children and Young People in Scotland to inform his strategic plan and work strands. The team has also been working to develop an innovative mixed mode data collection strategy (using web and telephone) in order to collect information from and stay in touch with participating families between the main rounds of in-home data collection.

ScotCen Social Research's third major survey is the Scottish Health Survey, which we have been running on a continuous basis for the Scottish Government since 2008. It provides a yearly update on the health of our nation and its findings attract considerable media attention. The findings released in 2012 were accompanied by a topic report providing breakdowns of key health behaviours and outcomes by gender, age, ethnic group, religion, disability and sexual orientation. This data is of direct relevance to the Scottish Parliament's cross-party group on health inequalities. In recent months, the team has been developing approaches to enable collection of biological measures (including dried blood spots) by survey researchers – the first time this has been implemented on a large scale in the UK.

Our research is informing new legislation to criminalise online grooming in Italy and Belgium

As well as these large ongoing surveys, ScotCen Social Research has also delivered a number of smaller research studies and evaluations to understand the behaviours and attitudes of people in Scotland, and the impact of policies on their daily lives. During the past year, these have included a joint report with Edinburgh University exploring public support for government spending to encourage the use of the Gaelic language in Scotland. This is now being used by Bòrd na Gàidhlig, the organisation responsible for formulating a National Strategy for Gaelic Education and advising Ministers on Gaelic Education.

Section 3. Looking ahead

Introduction

Our strategic focus continues to be two-fold. We need to continue to win and deliver sufficient business in order to ensure the long term sustainability of NatCen as a distinctively independent not for profit business. At the same time we are seeking to increase the impact of our work, both on policy and on wider research capacity and commissioning, to ensure we maximise the public benefit we offer.

Continuing to modernise the business and strengthening NatCen Social Research's balance sheet health remains an ongoing focus for management, particularly given the pension scheme deficit. Delivering an annual surplus therefore continues to be an important objective. While the external market continues to be challenging in terms of reduced research spend in the public sector, we are confident that NatCen Social Research has the reputation, expertise and product offer to respond.

Priorities for 2013/14 and beyond

In May 2013 Trustees approved Management's business plan and budget for 2013/14 which set out a three-year plan, including five goals to realise our strategic ambitions:

- Impact on society and advancing the role of social research in the UK.
- Brilliant customer service and a diversified portfolio of clients and work.
- A financially sustainable business.
- Efficient and effective internal systems and approaches.
- A workforce of capable and mutually inspiring workers.

A number of objectives have been agreed with management for 2013/14 as a step towards these goals. We will report progress against this next year.

In summary, these are:

- **External impact.** Working to ensure our research findings are used to inform public debate and social policy, both at the individual project level, and more widely. In particular, in 2013/14 we will: (a) continue to build our reputation through raising our media profile; (b) proactively engage with policy makers through committees, consultations and the party conferences; and (c) continue to improve our communications with survey participants to inspire and engage them in our work.
- **Delivering client satisfaction.** Working to ensure that we deliver projects that meet our clients' needs, ensuring we can demonstrate high levels of client satisfaction, and that we are developing our product offer that meets the needs of our current clients. At the same time, make demonstrable progress in diversifying our business and generating work from new clients and new markets.
- **Financial performance.** Continuing to ensure financial sustainability through delivery of an agreed surplus.
- **Effective and efficient systems and approaches.** Continuing to modernise the organisation so that our research can better meet our clients' requirements and have a greater impact. In particular in 2013/14, (a) continue to improve our field performance; and (b) deliver an enhanced web and multi-mode offer.
- **Our people.** Ensuring that we recruit and retain the people that NatCen needs to carry out its business and support their development. In particular, in 2013/14 we will: (a) develop a longer-term strategy for organisational development; (b) implement a new performance management process; and (c) implement a new framework for learning and development for our field workers.

Our research is helping councils and charities tailor services to tackle poverty

Section 4. Financial review

Overview of our financial position in the 2012/13 business year

NatCen Social Research delivered a net surplus of £765K in the 2012/13 business year (2011/12: restated to £2,696K). Income from research and educational activities during the year was £41,508K (2011/12: £41,935K) with expenditure on charitable activities of £40,551K (2011/12: restated to £39,138K) and governance costs of £250K (2011/12: £205K). A restatement of the prior period's (2011/12) accounts has been performed to reflect a surplus increase of £1,898K in the income and expenditure account arising from a revision in the way in which FRS 17 (Retirement Benefits) accounting had previously been reported; the balance sheet is unaffected by this revision.

This financial performance is a positive demonstration of NatCen's continuing ability to win and efficiently deliver existing long-term contracts and new business in a highly competitive domestic market. Income continues to be weighted towards research performed for UK Central Government and devolved administrations, a trend we expect to sustain up to and beyond the next general election. In parallel with this we expect income from the Third Sector and Europe to increase, building on the solid foundations and relationships made in recent years. Whilst the vast majority of our income has carried exempted VAT status up until 1 August 2013 we do not expect the withdrawal of this provision by HMRC from that date to impact adversely on our trading position. We will also continue to enhance the work we perform to disseminate research using our strengthened Marketing and Communications capability and our embedded NatCen Learning team, both of which have received significant investment in the past year.

In respect of liquidity, unrestricted and freely available undesignated cash assets reduced to £5,528K (2011/12: £10,169K) reflecting significant investments made in building infrastructure and technology. With the inclusion

of unrestricted designated funds exclusive of the pension deficit, net assets increased to £12,753K (2011/12: restated to £10,801K) reflecting the positive impact of property and pension scheme valuations.

In respect of overall balance sheet solvency, NatCen Social Research continues to carry a defined benefit pension scheme deficit that is subject to fluctuations beyond its control arising from annual FRS 17 valuations. This has previously created balance sheet positions of (£7,336K) at 30 June 2010, £615K at 30 June 2011 and (£3,737K) at 30 June 2012. The most recent balance sheet position of £5,754K is driven by the FRS 17 valuation at 30 June 2013 which reduced the scheme's deficit from £14,538K to £7,000K. We remain content that the strategy to reduce the pension scheme deficit is financially sustainable. NatCen Social Research's future business remains strong with contractual commitments from research funders already stretching out to 2019.

Trustee Transactions

The Trustees are involved in a variety of organisations, some of which are either suppliers to, or clients or partners of, NatCen Social Research. The Trustees were not personally involved in these contractual decisions or exerted a controlling interest in either party and received no personal gain from the transactions. Whilst these transactions do not represent related party transactions for financial reporting purposes, the Board feels it is important to disclose these transactions in the interest of transparency and good governance.

Professor Sir Robert Burgess:

- University of Leicester (Vice Chancellor): Payments totalling £800 from the University for staff attendance at NatCen Learning training events.

Dr Jennifer Dixon:

- Imperial College (Visiting Professor, honorary and unpaid): Payments totalling £4,400 to NatCen for staff attendance at NatCen Learning events.

- London School of Hygiene and Tropical Medicine (Visiting Professor, honorary and unpaid): Payments totalling £299,731 to NatCen for research undertaken on two research studies and attendance at NatCen Learning events. Also, payment of £3,742 made by NatCen to collaborators at the School for work on research projects. Future payments due in future periods at year-end amount to £471,187.
- London School of Economics and Political Science/LSE Enterprises Ltd (Visiting Professor, honorary and unpaid): Payments totalling £198,548 to NatCen for research undertaken on three research studies. Future payments due in future periods at year-end amount to £134,000.

Steve Egan:

- Higher Education Funding Council for England (Deputy Chief Executive): Payments amounting to £80,000 received by NatCen for work undertaken for the Ross Case survey of voluntary giving, commissioned by the Ross Group of Development Directors. Also, £44,134 paid by HEFCE to NatCen for research feasibility work undertaken. Future payments due in future periods at year-end amount to £152,000.

Professor Paul Wiles:

- University of Oxford (Visiting Professor of Criminology, and Fellow of Wolfson College): Payments amounting to £300,370 made to collaborators at the university for research work undertaken. Also payments totalling £116,588 to NatCen for research undertaken and research data. Future payments due in future periods at year-end amount to £45,000 and £1,218,000 are due to be paid to collaborators at the university for research work to be undertaken.
- University of Sheffield (Honorary Professor): Payments amounting to £2,070 for NatCen Learning delivered training.

In addition, Alan Botterill is a Trustee of the Defined Benefit Pension Scheme. Although no payments have been made for this additional activity during the year, it is a recognised conflict

of interest that is actively managed during the course of Trustee business by the early identification of potential areas of conflict and taking any necessary actions to manage this.

Reserves

As Trustees we review the level of funds against our reserves policy at least twice a year to ensure that it meets NatCen Social Research's changing needs and circumstances. The policy itself is reviewed as part of our annual review of accounting policies with a full formal review conducted every three years. This was last performed in 2011 and is due for formal review during the next business year.

All reserves are classified as unrestricted funds. Reserves that are freely available to meet our liabilities as they fall due are described as General Funds and are available to spend at the discretion of the Trustees in furtherance of our charitable objectives. Reserves that are not freely available are described as Designated Funds and have been set aside by the Trustees for specific purposes, but would otherwise form part of the General Funds. Free reserves at 30 June 2013 are £9,253K (2011/12: £8,849K).

The net value of assets inclusive of tangible fixed assets at 30 June 2013 and before the pension liability is included was £12,753K against a target range for the next business year of £11,400K - £13,400K. This value is within the target range set by Trustees and as such we have concluded that reserves are sufficient.

Investment management

The Memorandum and Articles of Association of NatCen Social Research authorise the Trustees to make and hold investments using the general funds of the charity. Surplus funds are held on deposit in accordance with a treasury policy which is reviewed annually by the Trustees. A revised treasury policy was agreed in May 2012 and adopts an active and prudent approach to investment management that minimises exposure to market risk and provides for short-term liquidity requirements as a priority over return on capital.

Property

NatCen holds a single freehold property asset at Northampton Square in London. It is accounted for at current value based on a full valuation every five years (most recently undertaken in March 2013), an interim valuation in the third year after the full valuation, and adjusted for impairment where appropriate. No impairment has been required since the most recent valuation.

Risk management

As Trustees we recognise our responsibility for the oversight of the risks NatCen Social Research faces. During the year we have reviewed the risk register to ensure that all the key risks facing the organisation have been identified, that their likelihood and impact have been appropriately assessed and controls to mitigate these are in place.

Day to day management of risks is delegated to the Chief Executive and Senior Management Team. Risks are identified by the Senior Management Team during the regular reviews of the risk register and through the course of business. At its away day in July 2013 the Board undertook a review of the strategic risks facing NatCen to ensure that all key risks had been identified.

NatCen Social Research employs an Internal Auditor to provide the Trustees and management with assurance on internal control. An audit plan is developed based on the risk register and the Internal Auditor's analysis of need. This plan is approved by the Audit Committee annually. Reports are issued at the end of each assignment and reviewed by the Senior Management Team, including agreeing actions to improve controls as necessary. The Internal Auditor provides an opinion on the quality of internal control found during each audit and these are collated in an annual opinion on internal control for Trustees. The Internal Auditor's independence is maintained by a direct reporting line to the Chair of the Audit Committee.

The Audit Committee routinely meets with risk sponsors to better understand the key

operational, financial and reputational risks in different parts of the organisation, and the practical application of risk mitigation by key staff across the business to satisfy itself that risk management processes are working effectively.

In preparing this annual report, senior managers have been required to complete self-assurance statements regarding the risks they take ownership for. These have been collated and reviewed to inform this statement, along with the Internal Auditor's opinion.

The risk register currently identifies 20 risks. Of these, three are significant in terms of potential impact and probability.

The first risk concerns ongoing uncertainties about the size of our core market given the economic environment, including anticipated further cuts to Government spending on research. An action plan is in place to manage this by continuing to diversify the business both in terms of the range of clients we work with and the nature of our offer.

The second risk concerns the defined benefit pension scheme deficit. NatCen regards this as a long-term risk and is committed to a long-term plan that will address the funding shortfall. Action has been taken to address the past service deficit highlighted in the 2011 triennial actuarial valuation by agreeing increased payments into the scheme to 2023. Changes were also made to the pension scheme in 2010 to reduce the ongoing cost of the scheme by increasing contributions and reducing benefits for existing members, and by closing the scheme to new members. Nonetheless the liability continues to impact on the level of free reserves and a number of external and non-controllable factors such as investment returns and Scheme members' longevity continue to impact on this risk and are kept under careful review.

The third risk concerns the risk to the quality of our output given the ongoing challenges we face, along with others in the industry, in encouraging people to participate in our research. This risk is being actively managed through an increased focus here through a range of initiatives to engage existing and potential participants in our work.

Section 5. Trustees' Statement of their Responsibilities

The Trustees, who are also directors of the National Centre for Social Research for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

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

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

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Trustees and signed on their behalf by Professor Sir Robert Burgess, Chair of the Trustees.



Date: 27.ii.2014

Annual accounts

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Section 6. Independent Auditor's Report to the Trustees and Members of the National Centre for Social Research

We have audited the financial statements of the National Centre for Social Research for the year ended 30 June 2013 on pages 25 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).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees 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 charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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 (APB's) Ethical Standards for Auditors.

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/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Baker Tilly UK Audit LLP

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants
25 Farringdon Street, London EC4A 4AB

27 February 2014

Baker Tilly UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Section 7. Financial statements

Statement of financial activities including the income and expenditure account for the year ended 30 June 2013

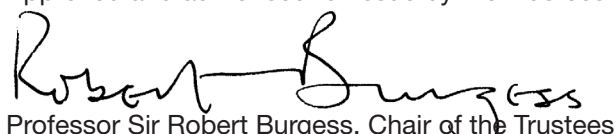
	Notes	2013	2012
		£	Restated: Note 2 £
Incoming Resources			
Incoming Resources from Generated Funds:			
Investment Income		57,628	104,067
Incoming Resources from Charitable Activities:			
Income from Research Studies	3	41,508,021	41,934,830
Total Incoming Resources		<u>41,565,649</u>	<u>42,038,897</u>
Resources Expended			
Charitable Activities:			
Research Studies	4	<u>40,551,125</u>	<u>39,138,170</u>
		40,551,125	39,138,170
Governance Costs	4	<u>249,649</u>	<u>205,003</u>
Total Resources Expended		<u>40,800,774</u>	<u>39,343,173</u>
Net Income for the Year		764,875	2,695,724
Other recognised Gains and Losses			
Revaluation of Property	7	1,475,129	(3,119)
Actuarial Gains/(losses) on Defined Benefit Pension Scheme	16	7,250,504	(7,044,000)
Net Movement in Funds		<u>9,490,508</u>	<u>(4,351,395)</u>
Reconciliation of Funds			
Fund Balances Brought Forward	11	<u>(3,736,890)</u>	<u>614,505</u>
Fund Balances Carried Forward	11	<u>5,753,618</u>	<u>(3,736,890)</u>

All amounts relate to continuing activities.

Balance Sheet as at 30 June 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed Assets					
Tangible Fixed Assets	7		5,311,396		3,298,008
Current Assets					
Debtors	8	7,569,352		7,528,470	
Cash at bank and in hand		5,527,536		10,168,906	
		<u>13,096,888</u>		<u>17,697,376</u>	
Creditors: Amounts falling due within one year	9	<u>(5,655,023)</u>		<u>(10,177,913)</u>	
Net Current Assets			<u>7,441,865</u>		<u>7,519,463</u>
			12,753,261		10,817,471
Creditors: Amounts falling due after one year	10		–		(16,361)
Net Assets excluding Pension Liability			<u>12,753,261</u>		<u>10,801,110</u>
Defined benefit Pension Scheme Liability	16	(6,999,643)		(14,538,000)	
Net Assets/(Liabilities) including Pension Scheme Liability			<u>5,753,618</u>		<u>(3,736,890)</u>
Unrestricted Funds					
General Fund	12	9,253,261		8,848,925	
Designated Funds					
Property Fund	12	<u>3,500,000</u>		<u>1,952,185</u>	
			12,753,261		10,801,110
Pension Reserve	16	(6,999,643)		(14,538,000)	
			<u>5,753,618</u>		<u>(3,736,890)</u>

Approved and authorised for issue by the Trustees and signed on their behalf by:


 Professor Sir Robert Burgess, Chair of the Trustees
 Date: 27.ii.2014

Cash flow statement for the year ended 30 June 2013

	Notes	2013	2013	2012	2012
		£	£	Restated: Note 2	Restated: Note 2
				£	£
Net Cash (Outflow)/Inflow from Operating Activities			(3,528,020)		1,443,709
Returns on Investments and Servicing of Finance					
Bank interest received	1	57,628		104,067	
Finance lease interest	1	<u>(1,891)</u>		<u>(3,571)</u>	
			55,737		100,496
Capital Expenditure and Financial Investment					
Cost of purchasing tangible fixed assets	7		(1,128,677)		(1,072,247)
Disposal Receipts			278		–
Financing					
Capital element of finance lease repayments			<u>(20,344)</u>		<u>(18,663)</u>
(Decrease)/Increase in Cash			<u>(4,621,026)</u>		<u>453,295</u>

Notes to the Cash Flow Statement

1	Reconciliation of Operating Surplus to Net Cash Inflow/(Outflow) from Operating Activities	2013		2012
		£		Restated £
	Operating surplus before inclusion of actual gains/(losses) on defined benefit pension scheme	764,875		2,695,724
	Loss on disposal or revaluation of Fixed Assets	873		863
	Finance charges paid	1,891		3,571
	Interest received	(57,628)		(104,067)
	Repayments on finance lease	20,344		18,663
	Depreciation charges	589,266		640,517
	(Increase)/Decrease in debtors & prepayments	(40,881)		2,642,456
	Decrease in creditors	(4,518,907)		(2,557,018)
	FRS17 pension cost less contributions payable (Note 16)	(556,038)		(1,905,000)
	FRS17 pension finance cost (Note 16)	268,185		8,000
		<u>(3,528,020)</u>		<u>1,443,709</u>
2	Reconciliation of Net Cash flow to Movement in Net Debt	2013		2012
		£		£
	(Decrease)/Increase in cash in the year	(4,621,026)		453,295
	Change in Net Debt resulting from cash flows	(4,621,026)		453,295
	Movement in Net Funds in the year	(4,621,026)		453,295
	Net Funds at 1 July	10,132,202		9,678,907
	Net Funds at 30 June	<u>5,511,176</u>		<u>10,132,202</u>
3	Analysis of Changes in Debt	At 1 July 2012	Cashflows	At 30 June 2013
		£	£	£
	<i>Net Cash</i>			
	Cash at Bank and in Hand	10,168,906	(4,641,370)	5,527,536
	Finance Lease	(36,704)	20,344	(16,360)
		<u>10,132,202</u>	<u>(4,621,026)</u>	<u>5,511,176</u>

Notes to the financial statements for the year ended 30 June 2013

1. Accounting Policies

Basis of Accounting

These financial statements are prepared on a going concern basis under the historical cost convention modified by the revaluation of certain tangible fixed assets and in accordance with the Charity Commission's 'Accounting and Reporting by Charities: Statement of Recommended Practice 2005 (SORP 05)' and the Companies Act 2006. The adoption of going concern principles is made in full acknowledgement of the net liability position recorded in the prior year.

Going Concern

By virtue of its defined benefit pension scheme deficit which can introduce a position of technical balance sheet insolvency, Trustees review the company's going concern position on a quarterly basis looking ahead over 18 months on a rolling basis. The review assesses a management-produced report that describes business liquidity (cashflow, current assets and current liabilities) and solvency (pension deficit, annual operating surplus, and future work booked) and forms an opinion on whether NatGen's trading status as a going concern remains legitimate. The most recent review performed has considered the going concern position for the 12 months following the date of signing of these financial statements.

Incoming Resources

In respect of recognising income the following policies are adopted:

Project Income. Project Income, whether derived from contracts or government grants and net of VAT where applicable, is recognised on an accruals basis. This matches income with costs incurred and satisfies the requirements of both performance and rights to consideration. Invoices presented in advance of costs being incurred are recorded as Project Deferred Income within Creditors. Income for work completed but not yet invoiced is recorded as Project Accrued Income within Debtors.

Respondent Incentives. Where incentive payments have been pre-purchased but not yet allocated to projects, these are recorded as pre-payments. At the point at which the incentive is provided to the respondent, the charge is released to the project and income from that is then generated. No provision is made for un-cashed incentives as these are considered to be of insignificant materiality.

Training. Income from training activities conducted by NatGen Learning for Third parties is recognised on an accruals basis based on the contractual obligation of the service arrangement.

Resources Expended

In respect of recognising expenditure the following policies are adopted:

Finance Leases. The present value of any item leased under finance lease terms is recognised concurrently in the balance sheet as an asset and liability over the contractual repayment period.

Operating Leases. Rental payments for operating leases are charged to expenditure on an accruals basis based on the contractual obligations of the service arrangement.

Administrative and Financial Overheads. All administrative and financial overheads are charged against income as incurred.

Charitable Activity Expenditure. All expenditure not attributable to the cost of charity governance or directly to restructuring is allocated to expenditure on general charitable activity and subsequently apportioned to the performance of research studies, the dissemination of research results or for the improvement of research community capacity.

Governance costs. The Statement of Financial Activities includes charity governance costs that are defined as:

- 10% of staff costs of three employees who are engaged in governance activity;
- All direct costs for governance activities including Trustee expenses and indemnity insurance, legal, external audit and professional support costs; and
- 2% of overhead costs pertinent to these governance activities.

Support Costs. NatCen apportions support costs to its principal outputs based on proportionate revenue for the period after taking into account the allocation of governance costs.

Reserves

Designated funds are set aside by the Trustees for specific purposes, but would otherwise form part of the general funds. General funds are available to spend at the discretion of the Trustees in furtherance of the charitable objectives.

Assets

Capitalisation. Assets are recorded and treated in their entirety as functional fixed assets and are capitalised where they exceed £5K in cost as single or grouped assets.

Depreciation. Depreciation of fixed assets has been provided for on a non-componentised basis at annual rates which should consume the economic benefit of the assets over their useful lives. Fixed asset impairment reviews are conducted by Management when changes in circumstances indicate that impairment may have occurred in accordance with FRS 11 Impairment of Fixed Assets and Goodwill, with the asset written-down if a material difference exists between the carrying value and the recoverable amount.

Freehold Property	Recorded at value in use based on a full valuation every five years, an interim valuation in the third year after the full valuation, and annual impairment reviews. No annual depreciation is charged due to its annual and cumulative effect being immaterial based on the estimated high residual value of this asset.
Fixtures, Fittings and non-Electronic Equipment	Costs spread equally over 10 years from date of installation.
Computers, Software and Electronic Equipment	Costs spread equally over 5 years from date of installation.

Some non-material changes have been made this year to the policies for each category. In respect of Freehold Property, annual indexation is no longer performed; instead an annual review of impairment is used as a better method to demonstrate a true and fair

view of the asset's value. In respect of Fixtures, Fittings and Equipment, we have refined the specification of this category by removing all electronic items into the Computers and Software category to reflect the lower useful economic life such items have. Finally, we have aligned asset depreciation durations to remove the disparity created by the date of their original introduction.

Foreign Currency. Income and expenditure in foreign currencies are recorded in Sterling at the exchange rate applicable at the time of the cash transaction. Any outstanding balances at the end of the annual accounting period are translated at the closing rate.

VAT. Input VAT incurred on contracts exempted from charging Output VAT is subject to partial exemption method agreed with HM Revenue & Customs. The irrecoverable element applicable to administrative and financial overheads is not allocated to expenditure headings due to materiality.

Taxation. NatCen is a registered charity within the meaning of Part 4 of the Charities Act 2011 and Section 6 of the Finance Act 2010. Accordingly, NatCen is exempt from taxation in respect of income or capital gains received within categories covered by Section 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes for public benefit.

NatCen's principal activities are exempt from VAT but certain ancillary supplies and services are liable to VAT at various rates. Expenditure includes irrecoverable VAT charged by suppliers to NatCen. NatCen does not have to pay Stamp Duty Land Tax when buying and leasing property.

Retirement Benefits. For the defined benefit retirement plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses arising are recognised immediately in Other Recognised Gains and Losses in the Statement of Financial Activities.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in resources expended.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments and settlements are recognised when the curtailment or settlement occurs.

For the defined contribution scheme, the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. Restatement

In prior periods, the charity incorrectly accounted for the Defined Benefit pension scheme within the Statement of Financial Activities as measured under Financial Reporting Standard 17. The pension finance cost, actuarial losses and the net of the current service cost and employer contributions were all allocated to Other recognised Gains and Losses in the Statement of Financial Activities. As the contributions paid partly funded not only the current service cost but also the pension scheme deficit, this resulted in an overstatement of resources expended. There was no impact from this on the net movement in funds or on the defined benefit pension scheme liability shown in the balance sheet.

Therefore, the impact of the accounting in the financial statements for the year ended 30 June 2012 was an overstatement of resources expended by £1,897,000 and an understatement of the Actuarial Loss on the Defined Benefit Pension Scheme by the same amount.

The 2012 comparatives in the Statement of Financial Activities and corresponding resources expended notes have been restated accordance with Financial Reporting Standard 3 and Financial Reporting Standard 28.

3. Income from Research Studies

Project income relates to research funding from which all specific project costs and other expenditure is financed. NatCen Social Research receives no donations, payments in kind or core funding towards the general pursuit of its charitable aims. Values for 2012 have been restated to reflect an enhancement of how income segregation has been reported.

Research Income Arose from the Following Sources:	2013 £	2012 £
UK Public Sector – Central Government	23,210,053	20,301,561
UK Public Sector – Devolved Administrations	4,623,644	4,139,582
UK Research and Funding Councils	1,368,851	854,335
UK Public Sector – Other	482,882	1,127,845
Universities	10,363,855	12,834,929
Third Sector	772,192	1,899,069
European Union	34,772	53,042
Other	651,772	724,467
Total Income from Research Studies	41,508,021	41,934,830

A foreign exchange loss of £2,269 has been recognised in FY 2012/13 (2011/12: loss of £1).

4. Resources Expended

	Direct Costs £	Support Costs £	2013 Total £	2012 Total Restated £
<i>Charitable Activities</i>				
Carrying out Research Studies	30,373,939	9,078,659	39,452,598	38,134,459
Disseminating Research Results	386,323	51,667	437,990	333,827
Improving Capacity of Research Community	–	421,177	421,177	438,738
Restructuring costs	–	239,360	239,360	231,146
	<u>30,760,262</u>	<u>9,790,863</u>	<u>40,551,125</u>	<u>39,138,170</u>
<i>Governance of the Charity⁰</i>	–	249,649	249,649	205,003
Total Resources Expended	<u>30,760,262</u>	<u>10,040,512</u>	<u>40,800,774</u>	<u>39,343,173</u>
<i>(i) Governance of the charity</i>			2013 Total £	2012 Total Restated £
10% of staff costs who are engaged in governance activity			33,831	30,607
Direct costs of all governance activities			103,727	150,683
2% of overhead costs pertinent to governance activities			112,091	23,713
			<u>249,649</u>	<u>205,003</u>

Values for 2012 have been restated to accommodate a reclassification we have made to the description of direct and support costs that better reflects the research programme and administrative value of our activity.

External Audit Cost. The external audit fee for the year is £28,000 (2011/12: £28,520). Fees of £14,000 (2011/12: Nil) have also been paid to the auditor's company in respect of consultancy.

Operating Leases. £925K was expended on land and building operating leases during the year (2011/12: £1,036K)

Support Costs. NatCen apportions its main business support costs to its two principal outputs, namely the delivery of research projects and research education based on proportionate revenue for the period and after taking into account the allocation to governance costs noted above:

Support Function	Cost £	Delivery of Research Projects £	Delivery of Research Education £
Management	289,597	287,647	1,950
Marketing & Communications	1,165,024	1,157,180	7,844
Facilities	3,442,865	3,419,685	23,180
Human Resources	1,301,123	1,292,362	8,761
Finance	2,378,507	2,362,502	16,005
IT	1,463,396	1,453,543	9,853
Total	10,040,512	9,972,919	67,593

5. Staff Costs

	2013 £	2012 Restated £
<i>Wages & Salaries</i>		
Direct Employees	9,817,643	9,684,144
Temporary, Freelance and Casual Workers	7,539,173	8,215,973
<i>Social Security Costs</i>		
Direct Employees	866,453	810,144
Temporary, Freelance and Casual Workers	366,798	387,787
Other Pension Costs	1,941,925	1,766,006
Additional Employer's Pension Costs	–	1,000,000
	<u>20,531,992</u>	<u>21,864,054</u>

The average number of employees during the year was as follows:

	2013	2012 Restated
<i>Direct Employees</i>		
Research	117	116
Operations	74	78
Other Support	96	89
	<u>287</u>	<u>283</u>

Temporary, Freelance and Casual Workers

Research and Data Collection	<u>1148</u>	<u>1200</u>
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The number of higher paid employees was as follows:

	2013	2012
<i>Taxable emoluments band</i>		
£60,000 – £69,999	10	10
£70,000 – £79,999	6	3
£80,000 – £89,999	4	2
£130,000 – £139,999	–	1
£150,000 – £159,999	1	–
	<u>21</u>	<u>16</u>

In respect of employees in the above bandings, 11 (2012: 14) accrued benefits under defined benefit pension schemes and payments to 3 members of defined contributions schemes totalled £11,274 (2012: Nil).

Values for 2012 have been restated to include emoluments and for the full complement of our freelancer interview panel whose numbers have been formally disclosed for the first time.

The cost of the restructuring exercise NatCen Social Research has undertaken within its research and support departments amounted to £239,360 (2011/12: £231,146). This is not included in Note 5 above.

The Trustees received no remuneration or retirement benefits during this year or in the previous year for their work.

6. Trustee Insurance, Expenses and Related Parties

Indemnity insurance for management and corporate liability providing £5M of cover (reducing to £0.25M for Employment Practices Liability cover) has been taken out on behalf of the Trustees at an annual cost of £7,425 (2012: £7,425).

Travel and accommodation expenditure incurred by the Trustees associated with attendance at Trustee meetings held in London during the year was reimbursed where claimed. The total expenses for 9 Trustees reimbursed this year amounted to £3,487 (2012: 8 Trustees reimbursed £6,396).

There are no disclosures to be made for this or previous financial years in respect of Related Party transactions.

7. Tangible Fixed Assets

	Freehold Property	Computers, Software & Electronic Equipment (Formerly Fixtures & Equipment)	Fixtures, Fittings & Non-Electronic Equipment (Formerly Leasehold Property)	Finance Lease (Formerly included in Fixtures & Equipment)	Assets Under Construction	Total
	£	£	£	£	£	£
Cost or Valuation						
At 1 July 2012	1,757,211	4,624,595	1,831,862	91,214	–	8,304,882
Transfer		(218,358)	218,358			–
Additions	267,660	706,129	143,728		11,160	1,128,677
Disposals		(208,352)				(208,352)
Revaluation	1,475,129*					1,475,129
At 30 June 2013	3,500,000	4,904,014	2,193,948	91,214	11,160	10,700,336
Depreciation						
At 1 July 2012	–	3,295,875	1,636,889	74,111	–	5,006,875
Transfer		(173,857)	173,857			–
Charge for the year	–	369,088	203,075	17,103	–	589,266
Disposals	–	(207,201)	–	–	–	(207,201)
At 30 June 2013	–	3,283,905	2,013,821	91,214	–	5,388,940
Net Book Value						
At 30 June 2013	3,500,000	1,620,109	180,127	–	11,160	5,311,396
At 30 June 2012	1,757,211	1,328,720	194,974	17,103	–	3,298,008

At year-end, all finance leased assets are held with a nil net book value.

Some electronic assets previously classified as fixtures and fittings have been transferred to a revised asset class of Computers, Software and Electronic Equipment from Fixtures and Fittings to better reflect the nature of their use and useful economic life. In addition, all assets previously described as leasehold property (total net book value of £194,974 at 1 July 2012) have been transferred to Fixtures, Fittings and Non-Electronic Equipment to more appropriately meet the true nature of the asset.

* A valuation of 35 Northampton Square was conducted as at 14th March 2013 by David Todd of Strutt & Parker, a Fellow of the Royal Institute of Chartered Surveyors (RICS) and a registered RICS valuer.

8. Debtors and Prepayments

	2013 £	2012 £
Trade Debtors	3,041,488	4,609,334
Project Accrued Income	4,053,063	2,104,652
Other Debtors	165,502	173,730
Prepayments	309,299	640,754
	7,569,352	7,528,470

9. Creditors: Amounts falling due within one year

	2013 £	2012 Restated £
Trade Creditors	565,217	1,325,991
Project Deferred Income*	1,959,561	5,836,531
Tax and Social Security	405,968	399,414
Accruals	2,578,107	2,507,470
Finance Lease	16,361	20,344
Other Liabilities	129,809	88,163
	5,655,023	10,177,913

Restatement for prior period made to allow separate disclosure of operating leases previously included within trade creditors.

* Project Deferred Income	2013 £	2012 £
At 1 July	5,836,531	9,233,990
Deferred During the Year	2,857,739	2,024,360
Released to the Income Statement	(6,734,709)	(5,421,819)
At 30 June	1,959,561	5,836,531

Project deferred income refers to work that has been paid for by clients in advance of its completion; accordingly this work is not recognised as income until it has been performed.

10. Creditors: Amounts falling due after one year

	2013 £	2012 Restated £
Finance Lease	–	16,361

11. Funds

Unrestricted Funds	Balance at 1 July 2012 £	Incoming Resources £	Outgoing Resources £	Transfers, Gains and Revaluations £	Balance at 30 June 2013 £
General Fund	8,848,925	41,565,649	(41,088,627) ⁽ⁱ⁾	(72,686)	9,253,261
Designated Fund: Property	1,952,185	–	– ⁽ⁱⁱ⁾	1,547,815	3,500,000
Pension Reserve	(14,538,000)	–	287,853 ⁽ⁱⁱⁱ⁾	7,250,504	(6,999,643)
	(3,736,890)	41,565,649	(40,800,774)	8,725,633	5,753,618

(i) Reflects the net position following:

- Reclassification of £194,973 from leasehold property into fixtures and fittings; and
- Transfer of £267,660 relating to capitalisation of freehold property refurbishment from the General Fund into the Property Fund.

(ii) Revaluation increase reflecting new freehold property value in use of £3,500,000. The property fund represents the net book value of freehold properties and is the minimum value at which the fund will aim to achieve in perpetuity.

(iii) Revaluation reflecting annual FRS 17 estimate of pension deficit.

12. Analysis of Net Assets between Funds

Unrestricted Funds	Fixed Assets £	Net Current Assets £	Creditors Due After 1 Year £	Total £
General Fund	1,811,396	7,441,865	–	9,253,261
Property Fund	3,500,000			3,500,000
Pension Reserve			(6,999,643)	(6,999,643)
	5,311,396	7,441,865	(6,999,643)	5,753,618

13. Company Status and Membership

The company is a company limited by guarantee and does not have a share capital. In the event of the company being wound up, the liability of each member is limited to £1. At the year-end there were nine members.

14. Operating Leases

Annual amounts payable for land and buildings under operating leases expiring within:	1 Year £	2–5 Years £	Over 5 years £
2013	–	201,400	604,312
2012	681,235	359,726	–

15. Finance Leases

	1 Year £	2–5 Years £
2013:		
Gross finance costs within	16,676	–
Net finance costs within	16,361	–
2012:		
Gross finance costs within	22,234	16,676
Net finance costs within	20,343	16,361

16. Retirement Benefit Schemes

Overview of schemes in operation

NatCen Social Research operates two retirement benefits schemes: the first is a defined contribution scheme that was opened to new members on 1 July 2010; and the second is a defined benefits scheme which was closed to new members at the same date. A third scheme to satisfy statutory requirements for auto-enrolment will be made available from September 2013 to NatCen staff meeting the eligibility criteria.

Defined Contribution Scheme

The defined contribution scheme is a Group Personal Pension Plan provided by Scottish Widows. Employee and employer contributions are paid directly to Scottish Widows who hold the funds in a personal account for the employee. These contributions are invested by Scottish Widows in funds selected by the employee from a range on offer. NatCen as the employer contributes 7.5% of the employee's salary with the employee contributing a minimum of 4%. There were 28 members at 30 June 2013 (2011/12: 17), and NatCen's contribution to the scheme in 2012/13 was £58,580 (2011/12: £55,647). There are no outstanding contributions at year-end.

The default retirement age is 66, although benefits may be taken from age 55. The level of benefits at retirement is dependent on the value of the funds accrued, retirement age and type of retirement benefits selected.

Defined Benefit Scheme

The defined benefit scheme (*the Scheme*) sponsored by NatCen is also known as the NatCen Social Research Retirement Benefits Scheme. This is a legally separate fund administered by trustees that holds the pension scheme assets to meet long-term pension liabilities. From 1st January 2007, benefits have been accrued on a Career Average Re-valued Earnings (CARE) basis. From 1st July 2010 the accrual rate changed to 1.4% and the Normal Retirement Age changed to age 66. Member contributions through a Salary Sacrifice scheme were also increased to 8.75% of pensionable earnings.

The Scheme's Trustees are required to act in the best interest of the Scheme's beneficiaries. The appointment of Trustees is determined by the Scheme's Trust documentation, with one third of Trustees being nominated by the Scheme's Members.

Actuarial valuations of the Scheme are performed triennially in accordance with scheme funding requirements of the Pensions Act 2004. The funding of the Scheme is agreed between NatCen Social Research and the Scheme's Trustees in line with those requirements, and adopts prudent rather than optimistic actuarial assumptions. The next valuation is due as at 30 June 2014.

The most recent actuarial valuation performed in July 2011 showed a deficit of £10,878,000, an increase of £1,623,000 from the previous triennial valuation in July 2008 (£9,255,000). In response to these valuations, NatCen Social Research has agreed the following actions with the Scheme's Trustees that aim to eliminate the deficit over a period of 13 years from 1st July 2010:

- By the payment of additional annual contributions of £1,164,000 in financial years 2010/11 and 2011/12, and £1,218,000 from financial year 2012/13 for a further 11 years;
- By the payment of an additional £1,000,000 in 2011/12; and
- By the payment of 17.85% of pensionable earnings (including any member contributions) in respect of the cost of accruing benefits.

NatCen Social Research has also agreed to meet the expenses of the Scheme, insured death-in-service premium and levies to the Pension Protection Fund.

An interim annual valuation for the purpose of statutory accounting to satisfy the requirements of UK GAAP FRS 17 Retirement Benefits has been performed and is reflected in the following disclosure.

Present values of scheme liabilities, fair value of assets and surplus/(deficit)

	30 June 2013 £	30 June 2012 £
Fair value of scheme assets	44,208,559	38,112,000
Present value of scheme liabilities	51,208,202	52,650,000
Surplus (deficit) in scheme	(6,999,643)	(14,538,000)
Asset (liability) to be recognised	(6,999,643)	(14,538,000)

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out the benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities rather than NatCen continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities prepared for the trustees of the pension scheme as at 30 June 2011 was £71,498,000 compared with assets at the same date of £35,264,000.

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	30 June 2013 £	30 June 2012 £
Scheme liabilities at start of period	52,650,000	44,557,000
Current service cost	1,634,947	1,499,000
Expenses	221,469	–
Interest cost	2,242,071	2,424,000
Contributions by scheme participants	33,750	36,000
Actuarial losses (gains)	(3,932,224)	5,602,000
Benefits paid, death in service premiums & expenses	(1,641,811)	(1,468,000)
Scheme liabilities at end of period	51,208,202	52,650,000

Reconciliation of opening and closing balances of the fair value of scheme assets

	30 June 2013 £	30 June 2012 £
Fair value of scheme assets at start of period	38,111,000	35,166,000
Expected return on scheme assets	1,973,529	2,416,000
Actuarial gains/(losses)	3,318,280	(1,442,000)
Contributions by NatGen	2,413,811	3,404,000
Contributions by scheme participants	33,750	36,000
Benefits paid, death in service premiums & expenses	(1,641,811)	(1,468,000)
Fair value of scheme assets at end of year	44,208,559	38,111,000

The actual return on the scheme assets over the period ending 30 June 2013 was £5,291,202

Total expense recognised in Statement of Financial Activities

	30 June 2013 £	30 June 2012 £
Current service cost	1,634,947	1,499,000
Expenses	221,469	–
Interest cost	2,242,080	2,424,000
Expected return on scheme assets	(1,973,566)	(2,416,000)
Total Expense Recognised in Profit and Loss Account	2,124,930	1,507,000

Statement of total recognised gains and losses

	30 June 2013 £	30 June 2012 £
Difference between expected and actual return on scheme assets – gain/(loss)	3,318,280	(1,442,000)
Experience gains and losses arising on the scheme liabilities – gain/(loss)	36,096	(806,000)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities – gain/(loss)	3,896,128	(4,796,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	7,250,504	(7,044,000)
Total amount recognised in statement of total recognised gains and losses – gain/(loss)	7,250,504	(7,044,000)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is a gain of £203,683.

Assets

	30 June 2013 £	30 June 2012 £
Equity	20,463,179	22,644,000
Corporate Bonds	14,098,459	12,674,000
Cash	980,042	1,014,000
Property	2,676,911	1,780,000
Government bonds	5,989,968	–
Total assets	44,208,559	38,112,000

None of the fair values of the assets shown above include any of NatCen's own financial instruments or any property occupied by, or other assets used by, NatCen.

It is the policy of the trustees and NatCen to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the scheme investment strategy are documented in the scheme's Statement of Investment Principles.

Assumptions

	30 June 2013 £	30 June 2012 £
Rate of discount	4.95	4.25
Inflation (RPI)	3.35	2.75
Inflation (CPI)	2.65	2.25
Salary increases	4.35	3.75
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.65	2.25
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.65	2.25
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a	3.55	3.25
Allowance for commutation of pension for cash at retirement	80% of Post A Day	80% of Post A Day

From 2011, statutory pension increase tables became linked to increases in the Consumer Prices Index (CPI) in place of RPI. The scheme's trustees have determined that only pension increases in deferment for early leavers and post 88 GMP are in line with the statutory pension increase tables so will be linked to CPI rather than RPI.

The mortality assumptions adopted at 30 June 2013 are 100% of the standard tables S1PxA, Year of Birth, no age rating for males and females, projected using CMI_2012 converging to 1.50% p.a. These imply the following life expectancies:

	Life expectancy at age 60 (Years)
Male retiring in 2013	27.33
Female retiring in 2013	29.88
Male retiring in 2033	29.78
Female retiring in 2033	32.36

Expected long-term rates of return

The long-term expected rate of return on cash is determined by reference to UK long dated government bond yields at the balance sheet date. The long-term expected return on government bonds and corporate bonds are determined by reference to UK long dated government and corporate bond yields at the balance sheet date respectively. The long-term expected rate of return on equities and properties is based on the rate of return on bonds with an allowance for out-performance.

The expected long term rates of return applicable for each period are as follows:

	Period Commencing 01 July 2012 % per annum	Period Commencing 01 July 2011 % per annum
Equity	5.70	7.30
Corporate Bonds	4.25	5.50
Cash	2.20	3.80
Property	5.70	n/a
Government bonds	n/a	n/a
Overall for scheme	5.12	6.67

Analysis of the sensitivity to the principle assumptions of the value of the scheme liabilities

	Change in Assumption	Change in Liabilities
Discount rate	Increase / decrease of 0.5% p.a.	Decrease / increase by 10.0%
Rate of inflation	Increase / decrease of 0.5% p.a.	Increase / decrease by 8.3%
Rate of Mortality	1 Year Increase in life expectancy	Increase by 2.4%

Amounts for the current and previous four years

	2013 £	2012 £	2011 £	2010 £	2009 £
Fair value of scheme assets	44,208,559	38,112,000	35,166,000	29,547,000	24,090,000
Present value of scheme liabilities	51,208,202	52,650,000	44,557,000	46,127,000	37,591,000
Surplus/(deficit) in scheme	(6,999,643)	(14,538,000)	(9,391,225)	(16,580,000)	(13,501,000)
Experience adjustment on scheme assets	3,318,280	(1,442,000)	2,963,000	2,653,000	(4,664,000)
Experience adjustment on scheme liabilities	36,096	(806,000)	71,000	(60,000)	2,627,000

The best estimate of contributions to be paid by NatCen to the scheme for the period commencing 1 July 2013 is £1,965,000.

Legal and administrative details

Registered name:

National Centre for Social Research

Trading name:

NatCen Social Research

Legal status:

Company limited by guarantee and registered charity

Company registration number:

4392418

Charity registration number:

1091768

Scottish charity registration number

SCO38454

Registered office:

35 Northampton Square
London
EC1V 0AX

Trustees:

Professor Sir Robert Burgess (Chair)
Barbara Beckett
Alan Botterill
Ken Caldwell
Nicholas Deyes
Professor Sir Ian Diamond
Dr Jennifer Dixon
Steve Egan
Barbara Noble
James Thickett
Professor Paul Wiles

Chief Executive:

Penny Young

Company Secretary:

Victoria Finney

Auditors:

Baker Tilly UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Solicitors:

Bates, Wells and Braithwaite
2-6 Cannon Street
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EC4M 6YH

Bankers:

National Westminster Bank Plc
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Social Research that works for society

National Centre for Social Research
A company Limited by Guarantee
Registered in England No.4392418.
A Charity registered in England and
Wales (1091768) and Scotland (SC038454)