

Annual Report and Accounts

Year Ended 30th June 2016

THE NATIONAL CENTRE FOR SOCIAL RESEARCH

Company Registration Number: 04392418

Charity Registration Number: 1091768

Scotland Charity Registration Number: SC038454



At NatCen, we believe that social research has the power to make life better



Legal and administrative details

Registered name:	The National Centre for Social Research
Trading name:	NatCen Social Research
Legal status:	Company limited by guarantee and registered charity
Company registration number:	04392418
Charity registration number:	1091768
Scottish charity registration number:	SCO38454
Registered office:	35 Northampton Square, London, EC1V 0AX
Trustees:	Professor Sir Robert Burgess (Chair) Alan Botterill Ken Caldwell Professor Sir Ian Diamond Barbara Noble James Thickett Professor Paul Wiles Maureen Duffy (appointed 8 th January 2016) Dame Jil Matheson (appointed 8 th January 2016) Stephen West (appointed 8 th January 2016) Peter Havelock (appointed 19 th August 2016) Walter Cormack (appointed 19 th August 2016)
Statutory Auditor:	RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB
Internal Auditor:	Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP
Solicitor:	Bates, Wells and Braithwaite, 2-6 Cannon Street, London, EC4M 6YH
Banker:	National Westminster Bank Plc, Cavell House, 2A Charing Cross Road, London, WC2H 0NN

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Chair's Introduction



As Chair of the Trustees, and on their behalf, I am presenting this annual report for the National Centre for Social Research (referred to throughout this report as “NatCen”) with the audited financial statements for the year to 30th June 2016.

The year 2015-16 has been a year of transition for NatCen. It started with an interim leadership team committed to making the financial and organisational changes needed, as well as investing in new technology and enhanced capacity, to ensure that we have a sustainable future and a robust business plan. It finished with a new permanent Leadership Team, headed by Guy Goodwin as Chief Executive, with encouraging signs of improved organisational performance and a forward, already commissioned, programme of work which will deliver enhanced public benefit and mean a growth in income available to the charity in 2016-17.

The changes we have made in 2015-16 are welcome and should bring greater stability in the future.

The changes we have made in 2015-16 are welcome and should bring greater stability in the future after a period of four difficult financial years (partly as a consequence of the difficult economic circumstances and partly because of the growth in competition from the commercial sector). They enable a more positive outlook short term, providing a stronger foundation for the further work that the Leadership Team recognises still needs to be done to build the charity’s long term resilience.

New contracts won in 2015-16 for Growing Up in Scotland, the English Housing Survey, Taking Part (in partnership with IPSOS-Mori) and Understanding Society (in partnership with TNS-BMRB) are particularly worthy of note. In terms of our policy research, the most successful area of our work has been

in Early Years, for example with the Study of Early Education and Development (SEED), the Evaluation of Early Implementation of 30 hours Free Childcare and a qualitative study to look at the quality of inter-parental relationships commissioned by the Early Intervention Foundation.

We retain our position as the leading organisation in conducting high quality health, food and diet surveys and research, including through our unique national nurses field force. NatCen continues to conduct the flagship Health Survey for England, Scottish Health Survey and National Diet and Nutrition Survey, as well as several key Longitudinal studies. Our Health policy work continues to grow, including an analysis project to look at the impact of Tobacco Control Measures, various evaluations including a mental health employment pilot and a secondary analysis project on disability for the Equality and Human Rights Commission.

At NatCen, 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.

NatCen is committed to delivering public benefit. As part of this report, we have developed a new section that highlights these benefits and presents case studies of some of our work that has made impact during the year.

Our focus this year has been in four areas: producing high quality research; communicating what we learn; reflecting what we find back to the public; and tackling today’s methodological challenges. We use several case studies in this report to demonstrate how NatCen has met this challenge, which include the development of a new survey, a first for the UK, that combines high quality methods with the greater speed needed in an online world. Our WhatUKThinks EU project became the go to place for public attitudes on the EU Referendum for both policymakers and the

public with the website receiving almost one million hits in the months leading to the vote. We continue to secure many column inches about our research in the UK press and have a growing presence on social media.

This impressive impact has been achieved despite the difficult financial background. Our business plan forecast a loss of £2.75 million in 2015-16 in relation to our main activities, partly attributable to new investment. In reality, our loss on these activities was slightly smaller at £2.23 million, before the impact of one-off pension scheme curtailment costs, and we are currently forecasting a return to an annual surplus during the next financial year (2016-17).

In March 2016, the charity closed its defined benefit pension scheme in agreement with the pension trustees and the scheme members, incurring a one-off curtailment cost treated as an exceptional item for the purpose of these accounts. The charity suffered an actuarial loss on the scheme and this is also included in the statement of financial activities in the report. We have an established long term plan in place to address our pensions deficit as defined in our reserves policy.

Our role as Trustees is to provide stewardship of the organisation. We have overseen many changes within the organisation to modernise and streamline our organisation and as a Board we are confident that NatCen is in a stronger position to continue to deliver the high quality and impactful research that society needs.

I would like to thank my colleagues on the Board for their ongoing commitment to NatCen and their continued willingness to lend their expertise, experience, challenge and insight. In addition, I would like to thank the enthusiastic, skilled and committed staff at NatCen who continue to develop our research and disseminate our findings, thereby contributing to the process of policy-making. My colleagues on the Board join with me in wishing them every continued success.

Professor Sir Robert Burgess

Chair of the Board of Trustees

Structure, governance and management

2.

Our legal structure

The National Centre for Social Research (which also trades under the name “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’s governing document is its Memorandum and Articles of Association, last amended in 2008. This establishes the governance of NatCen as the responsibility of the Board of Trustees who are the directors of the company as well as being its members.

Charitable objectives

The charitable objects of NatCen 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’s principal activity over the past year has been the delivery of a large number of research projects in all areas of social policy, with a particular focus on health and well-being, children and young people, education, crime and justice, income and work, welfare and disadvantage, social attitudes and equalities to inform public policy and wider debate.

NatCen’s principal activity over the past year has been the delivery of a large number of research projects in all areas of social policy.

Many of the projects we have undertaken included quantitative surveys or qualitative studies carried out throughout the UK. The Scottish Centre for Social Research (“ScotCen”) is an integral part of NatCen and undertakes research reflecting the distinct characteristics of the social and political landscape in Scotland. We also carry out projects in Wales but do not currently have a field presence in Northern Ireland, although NatCen partners with the Northern Ireland Statistics and Research Agency (NISRA) on some projects.

NatCen has an important function in promoting fit-for-purpose research that can inform and guide policy makers and influencers in making the best decisions for society.

Our aim is to contribute to a better society, as a result of high quality research. All of NatCen’s substantive research has direct, practical application in terms of understanding social behaviour and informing policy and/or practice. It is used by policy makers and political representatives, the media, academics, university students and social researchers, as well as by charities, industry associations and commercial companies. Increasingly, informed members of the public also take an interest in research findings.

We have a distinct role to play as a charity in helping to ensure that research is commissioned most effectively for the public good and is of an appropriate quality. At a time when there is more and more information available, increasingly instantaneous and of mixed quality, NatCen has an important function in promoting fit-for-purpose research that can inform and guide policy makers and influencers in making the best decisions for society.

Board of Trustees

NatCen is governed by its Board of Trustees who are also its Directors. During 2015/16 the Board comprised the following members:

- **Professor Sir Robert Burgess:** Chair of the Board of Trustees and Chair of the Nominations and Remuneration Committees
- **Alan Botterill:** Chair of the Finance and General Purposes Committee, Member of the Remuneration Committee and Pension Scheme Trustee
- **Ken Caldwell:** Member of the Audit and Risk Committee
- **Professor Sir Ian Diamond:** Member of the Nominations and Remuneration Committees
- **Barbara Noble:** Member of the Finance and General Purposes Committee and the Nominations Committee
- **James Thickett:** Member of the Finance and General Purposes Committee
- **Professor Paul Wiles:** Member of the Audit and Risk Committee (until 18th May 2016)
- **Stephen West:** Appointed 8th January 2016. Chair of the Audit and Risk Committee (Chair from 3rd February 2016) and the Nominations Committee
- **Maureen Duffy:** Appointed 8th January 2016. Member of the Finance and General Purposes Committee
- **Dame Jil Matheson:** Appointed 8th January 2016
- **Nicholas Deyes:** Resigned 29th July 2016
- **Steve Egan:** Resigned 3rd February 2016 (Chair of the Audit and Risk Committee until 3rd February 2016)
- **Dr Jennifer Dixon:** Resigned 7th August 2015

We actively engage in the Social Research Association, with Government Social Research, the Economic and Social Research Council (ESRC), and we also respond to public consultations, 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 3: 'Activities and public benefits'.

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

The Articles of Association allow for a minimum of four and a maximum of 15 Trustees. The Board has a Nominations Committee, chaired by the Chair of the Board, 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 (finance, commercial, policy, information technology and research experience) to provide for the future retirement of existing Board members. The Board is also delighted to welcome a further two new members with effect from 19th August 2016:

- **Peter Havelock:** Member of the Audit and Risk Committee
- **Walter Cormack:** Member of the Audit and Risk Committee

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 at Note 5 to the financial statements later in this report. All conflicts are actively managed during the course of all NatCen 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 and its work, and a programme of meetings with senior staff. Additionally, Trustees are offered a range of training opportunities relating to charity governance and finance to help them meet their responsibilities as directors of a charity. Existing Trustees are also assisted with continuing professional development on an ongoing basis.

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

As a Board, Trustees regularly review organisational performance to identify the need and opportunities for new ways of working and also training, which is conducted as required.

Four committees (Audit and Risk, Nominations, Remuneration and Finance and General Purposes) report to the Board with responsibility for the following areas:

- **Audit and Risk Committee:** This Committee reviews financial reporting, the effectiveness of internal controls, risks and risk management processes. It monitors the terms of appointment and the work of both the internal and external auditors and receives and reviews audit reports. The Committee is chaired by Stephen West.
- **Nominations Committee:** This Committee is responsible for the appointment of new Trustees and is chaired by Professor Sir Robert Burgess. This committee meets as and when required.
- **Remuneration Committee:** This Committee approves the remuneration package of the Chief Executive, including bonuses and any other awards. This is informed by a review of his/her performance against the objectives agreed by the Board, as well as being informed by contextual information about the economy and market place. The Committee similarly agrees the remuneration for members of the Leadership Team, informed by a recommendation from the Chief Executive. This recommendation is based on an assessment of their performance against objectives and any contextual information about the market as well as average pay increases for other senior staff. The Committee is chaired by Professor Sir Robert Burgess.
- **Finance and General Purposes Committee:** This Committee provides assurance and advice on NatCen's finances, business planning and other key issues that significantly affect the finances or general wellbeing of NatCen. It is chaired by Alan Botterill.

Committee members are all Trustees with the exception of Andy Farrell, the former Chief Financial Officer at the London School of Economics, who was co-opted as an independent member to the Audit and Risk Committee in September 2009. Andy Farrell resigned as a member of the Committee on 4th April 2016. The Chief Executive and Finance Director for NatCen are members of the Finance and General Purposes Committee.

The Board is responsible for setting the aims and direction of NatCen and each year approves the business plan and budget. It also has the power to appoint a Chief Executive and to delegate day to day management of NatCen to him/her. A clear distinction exists between the responsibilities of Trustees and those responsibilities that are delegated to the Leadership Team.

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Leadership Team

The Chief Executive is the key leader and manager with oversight across the organisation.

He/she is responsible for reporting to Trustees on the operation of the organisation, including its financial position. He/she is also responsible for appointing the Leadership Team who oversee the everyday operations at NatCen and help him/her deliver his/her functions.

During the past year, Guy Goodwin has joined NatCen as Chief Executive Officer. He has appointed the Director of Finance and the Director of the Policy Research Centre to his Leadership Team. The Leadership Team at the date of this report comprises:

Chief Executive Officer

Guy Goodwin

Finance Director

Rob Swinchatt

Director of Field

Sophie Ainsby

Director of Survey Research Centre

Kirby Swales

Director of Policy Research Centre

Nancy Kelley

Interim Director of Human Resources

Fay Johnstone

The Chief Executive, supported by his Leadership Team, is responsible for implementing the strategy and policies agreed with Trustees, including the 3 year business plan, and reporting on its performance to the Board.

Key management personnel remuneration

The Trustees consider the Board of Trustees and the Chief Executive as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in note 5 to the accounts.

Trustees are required to disclose all relevant interests and register them with the Chief Executive and in accordance with the charity's policy withdraw from decisions where a conflict of interest arises.

The pay of the charity's Chief Executive is reviewed annually and normally increased in accordance with average earnings. The remuneration is also bench-marked with charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

Our funding and resources

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

NatCen employed 245 full-time equivalent staff at 30th June 2016 (2015: 241). NatCen is organised in two Centres to further strengthen our capability to deliver quality and impactful research. Our Policy Research Centre is focused on delivering mixed method qualitative and quantitative policy research studies and evaluations, and our Survey Centre has expertise in large-scale and complex surveys across the full spectrum of data collection modes.

The Scottish Centre for Social Research (ScotCen) is a unique but integral part of NatCen that serves the research needs of Scotland.

The Scottish Centre for Social Research (ScotCen) is a unique but integral part of NatCen that serves the research needs of Scotland, has separate leadership reporting to the Leadership Team, in addition to working closely with the two Research Centres above.

NatCen also has a panel of interviewers and nurses covering England, Scotland and Wales, and a panel of telephone interviewers based in our Brentwood office. The management and training of our interviewers is co-ordinated through our Field Division and supported by a network of Regional and Field Managers.

All staff are communicated to about organisational updates and successes via a variety of channels including regular roadshows, the intranet and a monthly newsletter.

Our approach to our work

NatCen is an equal opportunities employer. We recognise that everyone should be treated with respect and dignity and that a working environment, including training provision, must be provided which is free of any form of discrimination, harassment, bullying or victimisation. In addition, we provide access arrangements at each of our permanent sites in order to allow unrestricted employment of individuals who have special access needs. We give full and fair consideration in our recruitment practices to applications for employment received from disabled persons, having regard for their aptitudes and abilities. Staff who become disabled during employment are treated fairly and with respect, having due regard to The Equality Act. 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 an associate, temporary, freelance or casual worker basis. We do not currently use volunteer staff.

Auditor

RSM UK Audit LLP, Chartered Accountants, was re-appointed as the charitable company's auditor and has indicated its willingness to continue in office next year.

We recognise that everyone should be treated with respect and dignity and that a working environment, including training provision, must be provided which is free of any form of discrimination, harassment, bullying or victimisation.

Activities and public benefit

3.

How we delivered public benefit in 2015/16

Our approach

Delivering public benefit is at the core of NatCen's mission. At NatCen we deliver public benefit by:

- **Producing high quality research**, using the most robust methods, and talented researchers to create the evidence that shapes policy and practice and ultimately makes society better.
- **Communicating what we learn** about society to policymakers and practitioners so they have the best information on which to base their decisions.
- **Reflecting what we find back to the public** so people have the information they need to make informed decisions.
- **Tackling the methodological challenges** facing quantitative and qualitative research to improve the quality of all social research.

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.

The Trustees confirm that they have had regard to the Charity Commission's public benefit guidance as required by section 17 of the Charities Act.

Our performance

Last year we asked Management to deliver our charity objects by continuing to deliver high quality research projects, ensuring this research has an impact on society and continuing NatCen's tradition of methodological innovation. In this section we set out how and why we prioritise this approach and demonstrate our performance through a series of case studies.

High Quality Research

Our Survey Research Centre collects a number of government national statistics. These studies provide policymakers with robust and reliable data in a wide range of policy areas and include the English Housing Survey, the Health Survey for England, the National Travel Survey, the National Diet and Nutrition Survey, the English Longitudinal Study of Ageing and the Family Resources Survey. The data from all of the major surveys that we collect is submitted to the UK data archive so that other researchers and institutions can analyse the data, maximising their potential impact on social policy. Many of these surveys, including our own British and Scottish Social Attitudes surveys, are among the UK data archive's most downloaded datasets.

The Policy Research Centre uses a wide range of studies such as evaluations of projects and policies, qualitative research with hard to reach groups, and mixed-mode research to really get under the skin of the big issues facing British society. The Centre's work draws on our researchers' expertise in a number of policy areas, including children and young people, health, the workplace and crime and justice. Many of these projects are commissioned by government as part of their policymaking process or to better understand and improve the way a programme is working.



HIGH QUALITY RESEARCH CASE STUDY - ENGLISH HOUSING SURVEY

The **English Housing Survey** provides vital information about people's housing circumstances and the condition of housing in England. Published annually and including a full structural survey of some properties it enables Government and others interested in the state of housing in England to monitor a range of information from tenure and energy efficiency to rent levels and smoke alarms. It tells us how many children are living in poor quality housing and makes it possible to calculate how much the NHS spends on problems directly related to housing conditions. This information then helps drive and monitor policy, such as the Government's Decent Homes programme which is funding improvements in Britain's council housing stock.



HIGH QUALITY RESEARCH CASE STUDY - HBT BULLYING

We undertook an evaluation of school-based interventions to prevent homophobic, biphobic and transphobic (HBT) bullying for the Government Equalities Office. The study found that training teachers made a dramatic difference to their confidence in addressing HBT bullying. The report was used as the basis for launching a significant new government investment in combatting HBT bullying in schools in England.

Many of these surveys, including our own British and Scottish Social Attitudes surveys, are among the UK data archive's most downloaded datasets.

Communicating what we learn

Producing high quality research is not enough on its own, however, and we take very seriously our responsibility for ensuring that the evidence we produce reaches the right people. We want our studies to be part of the policymaking process. We want other researchers and experts to know about our new evidence. And we want relevant practitioners, be they teachers, doctors or social workers to use our findings to support their practice. Each study therefore has its own communication plan enabling us to identify the relevant audiences for our research and exploit the various channels for reaching the appropriate people. We promote our research through the media, events, social media or even direct mail. We submit responses to consultations and inquiries and attend conferences.

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Reflecting back to the public

In addition to communicating with policymakers, data users and practitioners, we also believe that we should reflect back what we find to the public so they have the information they need to make informed decisions. Our research almost invariably requires some cooperation from the British public. They take part in our surveys. They are the teachers or students in our education evaluations and the users of the government programme we want to understand. They give us an extraordinary amount of information about their daily lives; filling out diaries of what they eat and what they are doing. They let us weigh them, measure their children and take their blood. We feel an obligation therefore to reflect back to the public what we find. One of the main ways that we do this is through the media: NatCen was cited in 2,245 articles during 2015/16, 123 of these were in national newspapers or on the BBC website.

We also believe that we should reflect back what we find to the public so they have the information they need to make informed decisions.

In 2015/16 the big political issue in the UK was the Referendum on our membership of the European Union. We carried out numerous projects in this area, especially through our British Social Attitudes survey and our new Panel survey. We worked particularly hard to make sure that this information reached the public.

COMMUNICATING WHAT WE LEARN CASE STUDY - OUT OF SCHOOL ACTIVITIES

A report from a study we are conducting into Out Of School Activities and the Education Gap revealed evidence that physical activity and participating in organised sports and after school clubs is linked to improved academic performance. We published the findings first in an academic journal. We promoted them through the national press – Radio 4, BBC News, the Guardian and Telegraph as well as seeking to reach the education sector through their trade press – including the Times Education Supplement. We also communicated these findings directly to Government through discussions with the Departments for Education and Health. We held a seminar for those with a research or policy interest. And the findings were used as evidence in the latest Government obesity strategy.



REFLECTING BACK TO THE PUBLIC CASE STUDY - WHAT UK THINKS

The What UK Thinks: EU project was an Economic and Social Research Council study into what the British people think about Britain's membership of the EU through analysis of polling and survey data. It involved both primary and secondary research, the launch of a website, numerous reports, public events and media campaigns. On 23rd June - the day of the EU Referendum - 72,000 unique users visited the WhatUKThinks.org website. Since the site's launch in October 2015, nearly one million users accessed data and commentary related to the Referendum, setting a new benchmark for public engagement with social science research. We also reached out to the public through the media, with reports covered multiple times by the UK's most well-read media outlets, including the BBC, The Sun and the Daily Mail.



Tackling methodological challenges

At NatCen we have a reputation for methodological expertise and leadership and our innovative approach to research has benefits to the research community both in Britain and internationally.

Our researchers developed the now widely used framework approach to qualitative research and have written key academic texts on research methodology. We have been behind the creation of some of the most ground-breaking and sometimes controversial research in the UK, including the National Study of Sexual Attitudes and Lifestyles and the first study of gambling prevalence. Today we are perhaps best known for our British and Scottish Social Attitudes surveys, the longest running surveys of public opinion in Britain, dating back to 1983. The British Social Attitudes survey is an essential part of the UK's social research infrastructure used by academics, politicians and the media alike.

One of the current challenges for social researchers is the increasing expectation on us to deliver high quality data much more quickly than in the past. We have taken on this challenge too with the launch of Britain's first random probability online panel survey.

Our innovative approach to research has benefits to the research community both in Britain and internationally.

TACKLING METHODOLOGICAL CHALLENGES CASE STUDY - NATCEN PANEL

Following the 2015 General Election the polling industry in Britain came under scrutiny after failing to accurately predict the result. The inquiry launched to understand what went wrong and make recommendations for the future argued that the UK needed a randomly recruited online panel. With funding from the Joseph Rowntree Foundation we have developed the first mixed mode (online and telephone) panel based on people selected at random to be established in Britain. A more methodologically robust approach than traditional online or phone polls and a cheaper and quicker method than other random methodologies. This is an important development for social research in the UK and something that we hope everyone in the sector will be able to use.



Informing Scotland

ScotCen has served as NatCen's Scottish base since devolution was granted in 1999. ScotCen is distinct but not legally separate from NatCen, and is one of Scotland's leading organisations for applied research and evaluation.

ScotCen undertakes many of Scotland's largest and most important social surveys providing vital information about Scottish society.

ScotCen undertakes many of Scotland's largest and most important social surveys providing vital information about Scottish society which are used by Government and practitioners to develop policy and improve services. These include the Growing Up in Scotland (GUS) study, the Scottish Health Survey (SHeS) and ScotCen's flagship Scottish Social Attitudes survey, that it has been carrying out since devolution.

Our EU Referendum project "WhatUKThinks" played an important role as a source of independent information on public attitudes to the European Union and whatukthinks.org has been used by almost one million people since its launch in October 2015. While a study for Cancer Research UK (CRUK) showing how the adverts could influence how children eat has become an important plank for their political campaigning on food advertising.

Whatukthinks.org has been used by almost one million people since its launch in October 2015.

ScotCen's impact and reputation is firmly embedded in Scottish policy, media and its research networks. Our researchers have been writing a regular column in the Scotsman newspaper as part of our commitment to making sure our research reaches the public. Our columns have highlighted some of the important issues from our research – from the rising interest in politics in Scotland, to the prevalence of health issues facing Scottish people like obesity, asthma and mental illness.

We move into next year with a number of exciting new and ongoing projects – we have been asked to carry out GUS until at least 2021 and the Scottish Health Survey for another year; new projects include the Scottish Crime and Justice Survey and a project on smoking inequalities for Cancer Research UK. And we continue to deliver our flagship Scottish Social Attitudes survey.

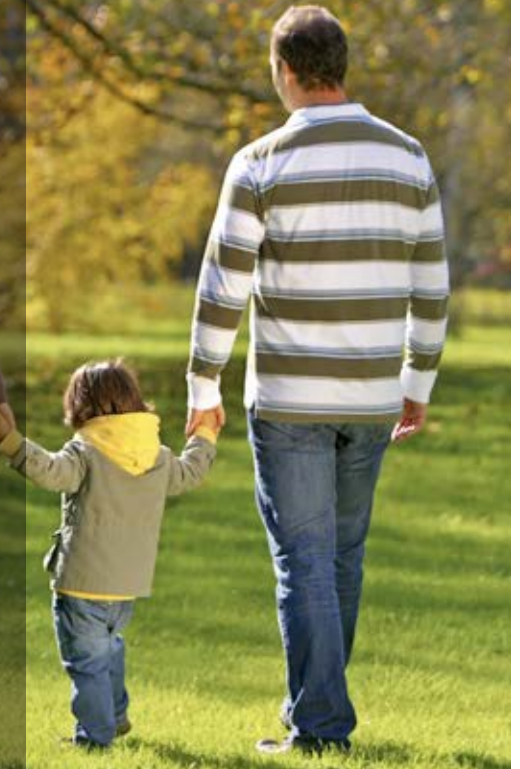
Measuring our impact

We use a number of metrics for measuring our success in disseminating our work, which goes to the heart of our charitable objectives. We record the media coverage for NatCen in the UK and our surveys in terms of numbers reached and value. In 2015/16, media coverage mentioning NatCen reached an estimated UK audience of 46 million people with an advertising equivalent value (AVE) of £7.7m, as compared with an estimated audience of 36 million and an AVE of £4m in 2014/15. We also set targets for the impact of our social media campaigns - NatCen added an additional 2,000 followers to its Twitter account in 2015/16.

During 2016-17, we are revisiting our impact measures to develop a more rounded composite impact measure - combining dissemination through the media, policy impact and client satisfaction into one measure of NatCen's impact.

INFORMING SCOTLAND CASE STUDY - GROWING UP IN SCOTLAND

2015/16 has been an important year for the Growing Up in Scotland (GUS) study. This large-scale longitudinal study is tracking the lives of over 10,000 Scottish children from birth, through childhood and into adolescence. In late 2015, GUS celebrated its 10th anniversary with a stakeholder event, the publication of two reports and an accompanying animation. The event was attended by over 150 policymakers and practitioners including the Minister for Children and Young People and several senior Scottish Government representatives. The 3 minute animation took viewers through a host of the survey's most important findings from the last ten years such as the correlation identified between a parent's level of education and their child's cognitive development and the links between low income and smoking and health problems in mothers of young children.



INFORMING SCOTLAND CASE STUDY: DETERMINING THE IMPACT OF SMOKING POINT OF SALE LEGISLATION AMONG YOUTH

The long-running National Institute for Health Research "NIHR"-funded DISPLAY study (Determining the Impact of Smoking Point of Sale Legislation Among Youth) has been looking at the effect of changes to point of sale legislation on smoking among young people. New findings this year has shown that higher cigarette brand awareness was significantly associated with regularly visiting small shops and noticing Point of Sale (PoS) displays in small and large shops, even when controlling for key confounding variables. This research is the first time that the role of PoS displays in increasing brand awareness of tobacco products has been demonstrated in Scotland. It shows how a factor known to increase youth smoking susceptibility is influenced by PoS displays showing the importance of implementing bans of such displays in all shops.



Financial Review

4.

Overview

2015/16 was a transitional year for NatCen. The expectation for the year was to incur a loss of £2.75m as the planned restructuring and new business focus was implemented in line with the 3 year plan implemented during the period. The final result before the impact of one off costs and actuarial losses relating to the defined benefit pension scheme was a loss of £2.23m.

During the year 2015/16 NatCen generated total incoming resources of £30,016k, down from £32,948k in 2015. Of this £29,998k (2015: £32,933k) was from charitable activities, with a further £18k (2015: £15k) from investment income. Research carried out for UK Central Government continues to be the main source of revenue (72% in 2015/16; 65% in 2014/15).

Total expenditure during the year was £35,609k (2015: £33,643k) of which £32,327k related to research studies. Restructuring costs of the business plan consumed £275k in the year (2015: £172k).

The charity's freehold London properties were valued on an "Existing Use" basis by Messrs Strutt & Parker in July 2015 and were revalued upwards. The Trustees having now adopted a policy of revaluation rather than depreciation reviewed the carrying value of the freehold building and concluded no impairment or re-valuation as at June 2016 was necessary.

During the year 2015/16 NatCen generated total incoming resources of £30,016k.

In March 2016 the charity closed its defined benefit pension scheme in agreement with the Pension Trustees and the scheme members. This resulted in a one-off curtailment costs of £3,282k included in the total resources expended. The curtailment costs reflect that the accrued benefits of members of the pension scheme who remain active employees of NatCen will be revalued annually at the same rate that applied before the scheme was closed to future accrual (which is in line with increases in RPI with a cap of 5%), which is normally higher than statutory requirements. The charity suffered an actuarial loss on its defined benefit pension scheme of £6,899k (2015: £2,070k), and this is also included in the statement of financial activities on page 34. We have an established long term plan in place to address our pension's deficit as defined in our reserves policy.

The overall net movement in funds in 2015/16 was a decrease of £12,492k (2015: decrease of £ 285k).

Balance Sheet and Reserves

Net assets before the pension scheme liability decreased to £7,385k in 2015/16 from £9,848k in 2015. The pension liability increased in the year to £23,910k (2014: £13,880k). NatCen's net liabilities, including the pension scheme liability increased to £16,525k (2014: £4,033k).

Going Concern

Trustees are aware of their responsibilities to ensure that NatCen remains a going concern. NatCen has negative net assets due to its pension scheme liability and net current liabilities, but NatCen has an existing "deficit contribution" scheme agreed with the Pension Scheme Trustees ("PST") which ensures that the liability can be repaid over a period of many years.

Following the closure of the defined benefit pension scheme in March 2016 the charity has negotiated a deficit contribution holiday from October 2016 to March 2019 as part of the strategy to return NatCen to profitability

and provide funding to clear down the deficit over the coming years. For this reason Trustees believe that it is very unlikely that NatCen will be unable to meet its obligations as a result of a demand for payment from the PSTs.

The pension scheme liability, which is required to be recorded in NatCen's balance sheet under FRS102 can cause large movements in NatCen's net assets. The valuation of the pension scheme liability results from a number of factors including actuarial assumptions used such as corporate bond yields, and the movement in these assumptions are largely outside of the control of the charity. As a result the liability to the pension scheme has moved up and down as follows (including the costs of curtailment in 2016):

	£K
2011:	(9,391)
2012:	(14,538)
2013:	(7,000)
2014:	(11,639)
2015:	(13,880)
2016:	(23,910)

The pension scheme liability is very sensitive to a number of assumptions used in the calculation of the liability but equally has been left exposed by the falling returns in bond yields over recent years, something exacerbated by the market volatility experienced following the EU referendum which took place only days before the latest valuation date. Reported deficits across all sectors have seen substantial increases in 2016 with deficits across FTSE 100 firms estimated to have almost doubled since the start 2016.

The Trustees believe the business plan to return to annual surplus is achievable.

The Trustees believe that the business plan to return to annual surplus from 2017/18 onwards is achievable and, coupled with the payment holiday from the pension scheme deficit reduction plan, gives the business the room to generate adequate cash reserves to sustain the business and fund the deficit reduction once the payment holiday ends. As a result, the company remains able to pay its liabilities and remains a going concern.

Reserves

Total funds held by NatCen at 30th June 2016 were negative £16.5m (2015 - £4.0m). All of these funds are unrestricted.

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 at least once every three years.

Free reserves are defined as the general fund less tangible fixed assets not already represented by separate designated funds, before the FRS102 pension liability.

Trustees consider it desirable to hold free reserves equating to two months operating cash flow as this in their opinion is a reasonable reserve level to mitigate any business interruption due to unforeseen events.

In March 2016 the charity closed its defined benefit pension scheme in agreement with the pension trustees and the scheme members. As part of the closure it was agreed that a payment holiday of 30 months would be taken from October 2016 to March 2019 relating to the payment of annual contributions of £1,218,000 in respect of the deficit. The current free reserves target for the 2016-17 financial year therefore does not include payment against the pension deficit which will be reinstated to the target in 2019.

At 30 June 2016, we held negative free reserves of £0.8m (2015 - positive £1.7m, equating to 0.5 months). The free reserves at

30 June 2016 are below target and we plan to rebuild reserves in coming years. Based on our business plan for 2016-2019 we aim to reach the desired level by the end of this three year period. In doing so, this will provide the required positive cash flow to support both the scheduled pension scheme deficit reduction payments and future investment.

This plan has been approved by the trustees and alongside the pension deficit repayment holiday forms the basis for the continued going concern status confirmed in the financial review section.

Risk Management

The Trustees recognise their responsibility for the oversight of key risks facing the organisation. During the year Trustees have reviewed and approved a new risk register to ensure that all of the key risks forming the organisation have been identified, that their likelihood and impact have been appropriately assessed, and that controls are in place to mitigate the effects of these risks. The risk register covers both direct financial risks but also non-financial risks, such as the risk of falling response rates or other quality issues.

Day to day identification and management of risks is delegated to the Chief Executive and the Leadership Team. The register is maintained by the Finance Director and risks are regularly reviewed by the Leadership Team in the ordinary course of business.

NatCen is actively seeking to widen its client base but also work within more strategic partnerships with other agencies on major projects to share capacity and risk.

Key risks identified on the risk register are:

Going Concern/Financial Sustainability

The Trustees recognise that following several years of deficit NatCen has negative net current assets and operates in an increasingly competitive marketplace with severe margin pressure. This has placed a strain on the financial reserves and the financial sustainability of NatCen.

The Trustees believe that the 3 year plan introduced in 2015 with the aim of restoring the charity to surplus allied to increased monitoring of cash flow and the deficit contribution holiday for the pension scheme will provide NatCen with the financial resources to deliver the plan and cover all foreseeable future obligations.

Market risk and Competition

NatCen competes for business and contracts with other significant providers of social research. It is dependent for its financial sustainability on its ability to tender for, and win, contracts in the future. This is part of its normal course of business. NatCen is therefore subject to the risk that either the market shrinks, or that it fails to maintain its market share. NatCen is reliant on Government contracts and therefore is at risk from reductions in spending by relevant Government departments.

NatCen is actively seeking to widen its client base but also work within more strategic partnerships with other agencies on major projects to share capacity and risk.

Pensions

The defined benefit pension scheme liability is large by comparison with its other assets. The pension scheme position needs to be fully understood and managed so that its effect on NatCen's financial position can be managed.

Plans for Future Periods

The Trustees tasked an interim management team to develop a three year business plan during the 2015/16 financial year to return the organisation to a break-even position in 2016/17 and then annual surpluses from 2017/18 onwards.

This plan was reviewed by the new permanent Leadership Team from May 2016 and refined for presentation to the Trustee Board in July 2016. The revised plan was approved by the Trustees and forms the communicated targets throughout the organisation and the metrics by which organisational performance is now measured on a monthly basis. The 3 year plan focusses on four key areas:

- Income growth through diversification of client base, being more competitive on large surveys, widening of research offerings and delivering added value consultancy services;
- Improvement in working practices to improve efficiency and productivity of research methods and practices;
- Improved efficiency of data collection services and widening of data collection options offered to clients;
- Constant focus on cost containment and improving value for money in all purchasing.

We will continue to grow income whilst improving margins through our transformation goals to bring the organisation back to levels of annual surplus.

The business plan has been built on the knowledge of the financial conditions faced by the organisation in recent years and also reflects the holiday period agreed in relation to the Defined Benefit Pension Scheme Deficit Reduction payments which commenced in October 2016. The cash flow benefit of this holiday allows for investment during the three year plan which, in turn, enables increased revenues to be generated.

We will continue to grow income whilst improving margins through our transformation goals to bring the organisation back to levels of annual surplus by the start of the 2019/20 financial year that will both support the cash generation required to cover the defined benefit pension scheme deficit reduction payments, which will restart in April 2019, and provide for the continued investment to maintain that level of surplus.

As part of the three year business plan, the new Leadership Team is setting a longer term strategy in 2016/17, including robust business development plans, which will enable the organisation to grow further beyond the end of the business plan period.

Trustees' statement of responsibilities

5.

The Trustees, who are also the Directors of NatCen for the purposes of company law, are responsible for preparing the Trustees' Annual 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, 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.

As 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 together with the strategic report (shown under the following headings; Charitable Objectives (included within Structure Governance and Management), Activities and Public Benefits and Financial Review) was approved by the Trustees in their capacity as Directors and signed on their behalf by Professor Sir Robert Burgess, Chair of the Board of Trustees.

Date:

Independent Auditor's report

6.

Independent Auditor's report to the members of NatCen Social Research

We have audited the financial statements of NatCen Social Research for the year ended 30 June 2016 on pages 34 to 54. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 29, 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/auditscopeukprivate

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 2016 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 and the incorporated Strategic 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 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.

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of **RSM UK AUDIT LLP**, Statutory Auditor

Chartered Accountants

25 Farringdon Street, London, EC4A 4AB

Date

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

Financial statements



Statement of financial activities including the summary income and expenditure account for the year ended 30th June 2016

	Notes	2016	2015
		£	£
Income			
<i>Income from charitable activities:</i>			
Income from research studies	2	29,998,054	32,933,063
Interest receivable		17,927	15,435
Total income		30,015,981	32,948,498
Expenditure			
<i>Expenditure on charitable activities</i>			
Research studies (recurring cost)	3	32,327,164	33,643,431
Research studies (Exceptional item: loss on curtailment of defined benefit scheme)	14	3,281,625	-
Total expenditure		35,608,789	33,643,431
Net expenditure for the year		(5,592,808)	(694,933)
Other recognised gains and losses			
<i>Gain on revaluation of property</i>	10	-	2,480,000
<i>Remeasurement of defined benefit pension scheme liability</i>	14	(6,899,380)	(2,070,031)
Net movement in funds		(12,492,188)	(284,964)
Reconciliation of funds			
Fund balances brought forward	10	(4,032,797)	(3,747,833)
Fund balances carried forward	10	(16,524,985)	(4,032,797)

NatGen Learning ceased operation on 31 December 2015. Income generated by NatGen Learning in the year to 30 June 2016 amounted to £67,797 (2015: £265,987) and expenditure amounted to £170,759 (2015: £604,624) resulting in a deficit of £102,962 (2015: £338,637).

All other amounts relate to continuing activities.

The Statement of Financial Activities includes all gains and losses recognised in the year.

Balance Sheet as at 30th June 2016

Company number: 04392418

	Notes	2016	2016	2015	2015
		£	£	£	£
Fixed assets					
Tangible fixed assets	6		8,192,560		8,158,490
Current assets					
Stocks	7	360,495		260,113	
Debtors	8	6,382,537		7,502,990	
Cash at bank and in hand		1,377,647		3,409,200	
		8,120,679		11,172,303	
Liabilities					
Creditors: amounts falling due					
within one year	9	(8,928,208)		(9,483,260)	
Net current (liabilities)/assets			(807,529)		1,689,043
Net assets excluding pension liability			7,385,031		9,847,533
Defined benefit pension scheme liability	14		(23,910,016)		(13,880,330)
Net liabilities including pension scheme liability			(16,524,985)		(4,032,797)
The funds of the charity					
Unrestricted funds					
General fund	10	1,405,031		3,867,533	
Unrestricted designated funds					
Property fund (including revaluation reserve £2,965,539)	10	5,980,000		5,980,000	
			7,385,031		9,847,533
Pension reserve	10		(23,910,016)		(13,880,330)
Total unrestricted funds			(16,524,985)		(4,032,797)

The notes on pages 37 to 54 form part of these financial statements.

The financial statements on pages 34 to 54 were approved and authorised for issue by the Trustees and signed on their behalf by:

Professor Sir Robert Burgess, Chair of the Board of Trustees

Date:

Statement of Cash Flows for the Year Ended 30th June 2016

	Notes	2016	2016	2015	2015
		£	£	£	£
Cash used in operating activities	15		(1,351,270)		(1,054,802)
Cash flows from investing activities					
Bank interest received		17,927		15,435	
Cost of purchasing tangible fixed assets		(698,210)		(716,846)	
Net cash used in investing activities			(680,283)		(701,411)
Decrease in cash and cash equivalents in the year			(2,031,553)		(1,756,213)
Cash and cash equivalents at the beginning of the year			3,409,200		5,165,413
Cash and cash equivalents at the end of the year			1,377,647		3,409,200

Notes to the financial statements for the year ended 30th June 2016

1. Accounting policies

General information

NatCen is a charity registered in England and Wales (charity number: 1091768) and Scotland (SC038454) It is also a company limited by guarantee without share capital. It was incorporated on 12 March 2002 (company number: 04392418) and registered as a charity on 26 April 2002. Details of the registered office can be found on page 3.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

NatCen meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Reconciliation with previous Generally Accepted Accounting Practice and transition to FRS102

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS 102 if any amendments were required at the transition date.

Defined benefit pension scheme

Under previous UK GAAP, the Charity recognised an expected return on defined benefit plan assets in net expenditure. Under FRS102 a net interest expense, based on the net defined benefit liability is recognised in net expenditure. There has been no change in the defined benefit liability at either 1 July 2014 or 30 June 2015. The effect of the change has been to reduce the credit to net expenditure in the year to 30 June 2015 by £389,993 and decrease the loss in other recognised gains and losses by an equivalent amount.

Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the Statement of Financial Activities as the employee service is received. Staff holiday pay was not accrued for the year to 30 June 2014 and was charged to the Statement of Financial Activities as they were paid. This has resulted in the charity recognising a liability for holiday pay of £170,065 in the year to 30 June 2014 affecting the opening fund position and a subsequent reversal effecting net expenditure in the year to 30 June 2015 when holiday pay was accrued. The transition date was 1 July 2014.

Reconciliation of reported net expenditure 2015

Net expenditure as previously stated	(475,005)
Increase in defined benefit costs	(389,993)
Reversal of staff holiday accrued 2014	170,065
2015 net expenditure as restated	<u>(694,933)</u>

Reconciliation of net funds 1 July 2014

Fund balances as previously stated	(3,577,768)
Staff holiday accrued 2014	(170,065)
30 June 2014 closing fund balances as restated	<u>(3,747,833)</u>

Key judgements and assumptions

The cost of the defined benefit pension plan has been determined by updating the results of the 30 June 2014 full actuarial valuation to 30 June 2016. This was carried out by a qualified actuary independent of the charity. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the scheme, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the management considers the market yields of AA corporate bonds consistent with the currency and term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables, which uses data for UK self-administered pension schemes and allowing for expected future improvements in longevity. Future salary increases and pension increases are based on expected future inflation rates as determined by the Bank of England interest rate with a consistent term if the defined benefit obligation at the valuation date. Further details are given in Note 14.

Going concern

As stated in the Financial Review, Trustees regularly review the charity's financial position to ensure that it remains a going concern. Following the closure of the defined benefit pension scheme in March 2016 the charity has negotiated a deficit

contribution holiday from October 2016 to March 2019 as part of the strategy to return NatCen to profitability and provide funding to clear down the deficit over the coming years. For this reason Trustees believe that it is very unlikely that NatCen will be unable to meet its obligations as a result of a demand for payment from the Pension Scheme Trustees.

The Trustees believe that the business plan to return to surplus from 2017/18 is achievable and coupled with the payment holiday from the pension scheme deficit reduction plan gives the business the room to generate adequate cash reserves to sustain the business and fund the deficit reduction once the payment holiday ends.

In light of the net current liabilities of £807,529 shown on the balance sheet as at 30 June 2016, the Trustees have reviewed the projected cash flow for the period to June 2019 and as a result of identifying the risks to the cash flow a bank overdraft facility has been put in place. Planned cost savings factored into the future budgets and an active cost containment strategy will result in a much healthier and stable cash position. NatCen also has a number of large multi-year client contracts in progress which provide a high degree of cash certainty over the three years of the business plan and the target for winning new work to date for 2016/17 has been met at the time of these accounts being signed off. The current and future sources of funding are adequate for the charity to meet its liabilities as they fall due.

The Trustees have therefore concluded that it is appropriate to treat the charity as a going concern when preparing these financial statements.

Income recognition

Income is recognised when the Charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

Income is recognised in the accounts as follows:

a) Project income including government grants.

Project income, whether derived from contracts or government grants and net of VAT where applicable, is recognised on an accruals basis based on stage of completion. Project expenditure is also accounted for on an accruals basis based on stage of completion. This satisfies the requirement to account for revenue and costs in accordance with performance under the contract. 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.

b) Education.

Income from educational training activities conducted by NatCen Learning for third parties has been recognised on an accruals basis based on the contractual obligation of the service arrangement. Any surplus on educational activities was retained for the continuance and improvement of such activities. NatCen Learning ceased operation on 31 December 2015.

Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of obligation can be measured reliably.

Expenditure is included in the accounts as follows:

a) Respondent incentives.

Respondents are given cash and voucher incentives for survey participation. At the point at which the incentive is provided to the respondent, an expense is recorded against the relevant project. Where NatCen is able to reclaim un-cashed vouchers, the expense is reduced based on an estimate of historical encashment rates.

b) Operating leases.

Rental payments for operating leases are charged to expenditure on a straight line basis over the term of the lease.

c) Charitable activity expenditure.

All expenditure is classified in the Statement of Financial Activities as research studies.

d) Governance costs.

Governance costs are included in support costs. They include:

- 10% of staff costs of the 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.

e) Support costs

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs are apportioned between charitable activities of PRC and SRC undertaken in the year using the following methods:

- Pension costs are apportioned based on staff headcount
- All other central costs are apportioned based on revenue

Fund accounting

(a) Unrestricted Funds can be used on the charitable objects as the Trustees see fit, and are further subdivided into general funds and designated funds which are earmarked for a particular purpose by the Trustees.

NatCen's only **designated fund** is the value of our freehold London properties. (2015: £5,980,000).

b) Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by the client. The Charity does not have restricted funds.

Assets

Revaluation of freehold property

Freehold property is initially recognised at cost and subsequently recorded at value in use based on a full third party valuation every five years, an interim valuation in the third year after the full valuation and annual impairment reviews. Gains and losses on valuation are recognised in the Statement of Financial Activities.

a) Capitalisation.

Assets are capitalised where they exceed £5,000 as single or grouped assets and valued at historical cost.

b) Depreciation.

Depreciation of fixed assets is provided at annual rates which will write down the assets to their residual value over their useful lives, as follows:

Freehold property and land	No annual depreciation is charged.
Fixtures, fittings and non-electronic equipment	Costs spread equally over 5-10 years from date of installation.
Computers, software and electronic equipment	Costs spread equally over 5 years from date of installation.
Assets under construction	No annual depreciation is charged.

Fixed asset impairment reviews on all tangible fixed assets are conducted by the management when changes in circumstances indicate that impairment may have occurred in accordance with FRS 102, section 26 "Impairment of Assets".

Foreign currency.

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

Stock.

The value of stock relates to items held to be used as respondent incentives and is stated at the lowest of cost and net realisable value.

Financial instruments.

NatCen only has financial assets (trade debtors and other debtors) and financial liabilities (trade creditors, accruals and other liabilities) of a kind that qualify as basic financial instruments which are recognised at their settlement amount.

Creditors and provisions.

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

VAT.

On 1st August 2013, the exemption of business research supplied between eligible bodies was removed. Research contracts signed after that date have attracted VAT at the UK standard rate. Research grants remain outside the scope of VAT and educational activities remain exempt. Input VAT on overheads and mixed-income projects is subject to a partial exemption method agreed with HM Revenue & Customs. Irrecoverable VAT has been included within the relevant expenditure or asset category.

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.

Termination benefits.

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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.

Net interest on the pension scheme liability is included in expenditure in the Statement of Financial Activities.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation, less the fair value of plan assets.

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 in net income/ expenditure when the curtailment or settlement occurs.

For the defined contribution scheme and auto-enrolment contributions, 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. Income from research studies

With the exception of investment income, NatCen derives all of its income from research projects which fund all specific project costs and other administrative costs. NatCen receives no donations, payments in kind or core funding towards the general pursuit of its charitable aims.

Policy Research is as work carried out in relation to the direct and immediately identifiable impact of individual policy decisions, Survey Research is repeated measurement of social impact to observe trends across long term time frames.

Research income arose from the following sources:	2016	2015
	£	£
Policy Research	5,269,392	6,524,689
Survey Research	24,624,013	26,053,080
Other	104,649	355,294
Total income from research studies	29,998,054	32,933,063

A foreign exchange loss of £2,024 has been recognised in 2016 (2015: loss of £692).

3. Analysis of expenditure on charitable activities

	Policy Research	Social Research	2016	2015
	£	£	£	£
<i>Charitable activities</i>				
Direct project costs	2,492,004	12,014,671	14,506,675	15,324,383
Indirect project costs	1,209,861	5,180,767	6,390,628	6,694,361
Direct research costs	964,931	943,342	1,908,273	1,569,328
Property costs	470,445	591,889	1,062,334	1,756,065
IT costs	128,178	598,418	726,596	695,744
Non-payroll staff costs	172,235	921,951	1,094,186	474,047
Depreciation	115,428	539,396	654,824	563,999
Irrecoverable VAT	64,905	302,155	367,060	140,619
Restructuring costs	48,520	226,735	275,255	172,129
Service costs	91,567	1,551,971	1,643,538	1,805,300
Support costs	651,821	3,045,974	3,697,795	4,447,456
Total non-exceptional resources expended	6,409,895	25,917,269	32,327,164	33,643,431

Support costs

	2016	2015
	£	£
Management	385,615	209,831
Marketing & Comms	425,928	707,009
Human Resources	952,390	958,436
Finance	655,093	1,319,033
IT	983,878	998,460
Governance	294,891	254,687
Total	3,697,795	4,447,456

Costs of £170,759 (2015: £604,624) in relation to NatCen Learning have been included within finance support costs and apportioned to charitable activities based on revenue.

Net expenditure is stated after charging:

	2016	2015
	£	£
Fees payable to charity's auditors for audit of annual financial statements (net of VAT)	36,890	31,150
Underaccrual of previous year's audit fee	16,757	-
Depreciation - owned assets	654,824	563,999
Loss on asset disposal	9,316	2,237
Operating lease rentals		
- land and buildings	539,402	725,866
- other	21,831	25,534
Stock expensed	1,017,859	1,215,406

4. Staff costs

	2016	2015
	£	£
Wages & salaries		
Direct employees	8,387,732	8,767,783
Temporary, freelance and casual workers	4,453,657	5,189,641
Social security costs		
Direct employees	763,078	762,583
Temporary, freelance and casual workers	186,703	270,655
Pension costs		
Employer's contributions to defined contribution and defined benefit schemes	1,388,706	844,630
	15,179,876	15,835,292

The cost (in addition to the above) of temporary/interim staff employed through an agency or on a consultancy basis was £855,618 which included three members of the interim leadership team at a cost of £502,186 (2015: £185,894 including £84,180 interim leadership team costs).

Termination payments paid in full in the year were £275,259. (2015: £172,129) which are included in wages and salaries above.

	2016	2015
The average monthly number of employees during the year was as follows:		
Direct employees		
Research	132	111
Field	55	36
Service Division	42	24
Other support	28	83
	257	254

The variance in staff across departments from 2015-2016 is a result of the restructuring in the year and staff re-allocations.

NatCen Social Research employed 245 full-time equivalent staff at 30th June 2016 (2015: 241)

	2016	2015
Temporary, freelance and casual workers (average monthly)		
Research and data collection	968	1,055

	2016	2015
The number of higher paid employees was as follows:		
Taxable emoluments band		
£60,001 - £70,000	7	7
£70,001 - £80,000	3	7
£80,001 - £90,000	-	2
£160,001 - £170,000	-	1
	10	17

The total employee benefits of the key management personnel of the charity were £214,300 (2015: £209,400)

5. 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 £10,025 (2015: £9,704).

No trustees received remuneration in the year (2015: £Nil). 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 5 Trustees reimbursed this year amounted to £4,147 (2015: £1,430 - 3 Trustees).

Trustee Transactions

The Trustees are involved in a variety of organisations, some of which are either suppliers to, or clients or partners of, NatCen. The Trustees were not personally involved in these contractual decisions, did not have 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 has agreed that it is important to disclose these transactions in the interest of transparency and good governance.

Professor Sir Robert Burgess:

- University of Leicester (former Vice Chancellor): Payments totalling £150,000 (2015: £60,000) to the University for work undertaken by staff at the University on a research project.

Dr Nicholas Deyes

- London School of Economics and Political Science/LSE Enterprises Ltd (IT Director): NatCen received £9,577 (2015: £Nil) for research undertaken.

James Thickett

- Member of the Market Research Society. NatCen paid £1,685 (2015: £4,100) to the Market Research Society for subscription services.

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.

6. Tangible fixed assets

	Freehold land & property	Leasehold improvements	Computers, software & electronic equipment	Fixtures, fittings & non-electronic equipment	Assets under construction	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 st July 2015	5,980,000	109,875	5,546,007	198,664	534,674	12,369,220
Additions	-	2,208	380,527	10,806	301,795	695,336
Disposals	-	-	(2,782,307)	(89,738)	-	(2,872,045)
Transfers	-	-	278,675	-	(278,675)	-
At 30 th June 2016	5,980,000	112,083	3,422,902	119,732	557,794	10,192,511
Depreciation						
At 1 st July 2015	-	12,417	4,127,947	70,366	-	4,210,730
Charge for the year	-	22,263	572,131	60,430	-	654,824
Disposals	-	-	(2,775,865)	(89,738)	-	(2,865,603)
At 30 th June 2016	-	34,680	1,924,213	41,058	-	1,999,951
Net book value						
At 30 th June 2016	5,980,000	77,403	1,498,689	78,674	557,794	8,192,560
At 30 th June 2015	5,980,000	97,458	1,418,060	128,298	534,674	8,158,490

The historical cost of NatCen's freehold properties is £3,014,461. A valuation of NatCen's freehold properties (35 Northampton Square, EC1 and 14 Wyclif Street, EC1) was carried out by David Eden MRICS, of Strutt & Parker LLP in July 2015. The value assigned to the properties on an 'Existing Use basis' was £5,980,000 and a revaluation gain was recognised in the year to 30 June 2015. The Trustees believed that there was no material difference between the value of the properties in July 2015 when the revaluation was carried out and the value at 30 June 2015 when the revaluation was recognised.

The bank holds a charge over the property as security for the overdraft facility.

7. Stocks and work in progress

	2016	2015
	£	£
Stocks	360,495	260,113

8. Debtors

	2016	2015
	£	£
Trade debtors	4,720,894	5,712,050
Project accrued income	1,129,817	1,193,247
Other debtors	24,166	22,378
Prepayments	507,660	575,315
	6,382,537	7,502,990

9. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	631,221	804,740
Project deferred income *	3,902,194	4,239,892
Tax and social security	728,335	959,946
Accruals	3,573,479	3,275,105
Other liabilities	92,979	203,577
	8,928,208	9,483,260

* Project deferred income refers to work that has been paid for by clients in advance of performance. The relevant income is recognised when the work has been performed.

	2016	2015
	£	£
* Project deferred income		
At 1st July	4,239,892	3,242,939
Deferred during the year	3,902,194	4,239,892
Released to the Statement of Financial Activities in the year	(4,239,892)	(3,242,939)
At 30th June	3,902,194	4,239,892

10. Funds

Movement in funds for the year ended 30 June 2016

	Balance at 1 st July 2015	Income	Expenditure	Gains and revaluations	Balance at 30 th June 2016
	£	£	£	£	£
<i>Unrestricted funds</i>					
General fund	3,867,533	30,015,981	(32,478,483)	-	1,405,031
Designated fund- property:					
at cost	3,014,461	-	-	-	3,014,461
revaluation	2,965,539	-	-	-	2,965,539
	5,980,000	-	-	-	5,980,000
Pension reserve	(13,880,330)	-	(3,130,306)	(6,899,380)	(23,910,016)
Total	(4,032,797)	30,015,981	(35,608,789)	(6,899,380)	(16,524,985)

Movement in funds for the year ended 30 June 2015

	Balance at 1 st July 2014	Income	Expenditure	Gains and revaluations	Balance at 30 th June 2015
	£	£	£	£	£
<i>Unrestricted funds</i>					
General fund	4,391,255	32,948,498	(33,472,220)	-	3,867,533
Designated fund- property:					
at cost	3,014,461	-	-	-	3,014,461
revaluation	485,539	-	-	2,480,000	2,965,539
	3,500,000	-	-	2,480,000	5,980,000
Pension reserve	(11,639,088)	-	(171,211)	(2,070,031)	(13,880,330)
Total	(3,747,833)	32,948,498	(33,643,431)	409,969	(4,032,797)

11. Analysis of net assets between funds

	Fixed assets	Net current liabilities	Defined benefit pension scheme liability	Total
	£	£	£	£
<i>Unrestricted funds</i>				
General fund	2,212,560	(807,529)	-	1,405,031
Property fund	5,980,000	-	-	5,980,000
Pension reserve	-	-	(23,910,016)	(23,910,016)
	8,192,560	(807,529)	(23,910,016)	(16,524,985)

12. 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 11 members.

13. Operating leases

Total minimum payments payable for land and buildings under operating leases due within:

	2016	2015
	£	£
1 year	667,820	667,820
2 - 5 years	2,496,633	2,560,141
Over 5 years	1,158,265	1,762,577
Total	4,322,718	4,990,538

Total minimum payments payable for other operating leases due within:

	2016	2015
	£	£
1 year	18,925	22,710
2 - 5 years	-	18,925
Total	18,925	41,635

14. Retirement benefit schemes

Overview of schemes in operation

NatCen operates two retirement benefit schemes: the first is a defined contribution scheme that was opened to new members on 1st July 2010. The second is a defined benefit scheme which was closed to all new NatCen employees at the same date. In addition, NatCen also contributes to two pension schemes following the commencement of auto enrolment.

Defined contribution scheme

The defined contribution scheme is a Group Personal Pension Plan with staff contributions being invested with Scottish Widows. Employee and employer contributions are paid directly to Scottish Widows who hold the funds in a personal account for the employee. Contributions invested by Scottish Widows are invested in funds selected by the employee from a range on offer. NatCen, as the employer, contributes 7.5% of the employee's salary with employees contributing a minimum of 4%. There were 140 members at 30th June 2016 (2015: 39) The contributions payable by NatCen charged to profit or loss totalled

£182,292 (2015: £86,068) of which £31,868 are included in creditors at the year end (2015: £8,458)

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.

Auto enrolment

To encourage greater pension savings, the Government has introduced auto enrolment. This requires employers to enrol eligible employees into a pension scheme automatically. Eligible staff and freelancers working with NatCen have been enrolled automatically from 1st October 2013. The staff scheme is operated by Scottish Widows, and the freelancer scheme is operated by The People's Pension. There were 81 members of staff contributing to the Scottish Widows auto-enrolment scheme at 30th June 2016 (2015: 79) and NatCen's contribution to the scheme in 2016 was £47,091 (2015: £40,629) of which £4,264 are included in creditors at the year end (2015: £6,885).

Defined benefit scheme

NatCen sponsors the National Centre for Social Research Retirement Benefits Scheme (“the Scheme”) which is a funded defined benefit arrangement. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. With effect from 1st January 2007, the benefits are accrued on a Career Average Revalued Earnings (“CARE”) basis. With effect from 1st July 2010 the accrual rate changed to 1.4% and the Normal Retirement Age was changed to age 66. Member contributions were also increased to 8.75% of pensionable earnings and such contributions would be by Salary Sacrifice unless members have opted otherwise.

The Trustees of the scheme are required to act in the best interest of the scheme’s beneficiaries. The appointment of the Trustees is determined by the scheme’s trust documentation. It is policy that one third of all Trustees should be nominated by the members.

A full actuarial valuation was carried out as at 30th June 2014 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between NatCen and the Trustees in line with those requirements. These in particular require the surplus / deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

The actuarial valuation showed a deficit of £16,361,000. NatCen has agreed with the Trustees that it will aim to eliminate the deficit over a period of 11 years and 4 months from 1st July 2014 by the payment of annual contributions of £1,218,000 in respect of the deficit. A payment holiday has been agreed from October 2016 to March 2019. In addition to this and in accordance with the actuarial valuation, NatCen has agreed with the Trustees that it will pay 26.4% of pensionable earnings (including any member contributions) in respect of the cost of accruing benefits. However, the scheme ceased accrual on 31 March 2016. The one off curtailment costs of £3,281,625 reflect that the accrued benefits of members of the pension scheme who remain active employees of NatCen will be revalued annually at the same rate that applied before the scheme was closed to future accrual (which is in line with increases in RPI with a cap of 5%), which is normally higher than statutory requirements. NatCen will also pay amounts into the scheme equal to the levy payments made by the scheme to the Pension Protection Fund, insurance premiums for death in service benefits/ management and administration expenses.

The next valuation is due to be prepared as at 30th June 2017.

For the purposes of FRS102 the actuarial valuation as at 30th June 2014, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30th June 2016.

Present values of scheme liabilities, fair value of assets and deficit

	2016	2015
	£	£
Fair value of scheme assets	55,493,578	52,134,957
Present value of scheme liabilities	(79,403,594)	(66,015,287)
Deficit in scheme to be recognised as a liability	(23,910,016)	(13,880,330)

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 NatGen continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities prepared for the Trustees of the pension scheme as at 30th June 2014 was £110,631,000 compared with assets at the same date of £48,342,000.

Changes in the present value of the defined benefit obligation

	2016	2015
	£	£
Defined benefit obligation at 1 July	66,015,287	59,953,521
Current service cost	1,046,620	1,160,147
Expenses	61,891	291,061
Interest cost	2,530,013	2,555,187
Contributions by scheme participants	5,242	22,475
Actuarial losses	8,045,017	4,550,224
Benefits paid, death in service premiums & expenses	(1,582,101)	(2,517,328)
Losses on curtailments*	3,281,625	-
Defined benefit obligation at 30 June	79,403,594	66,015,287

*Losses on curtailments: Please refer to section 4 Financial Review Overview.

Changes in the fair value of the plan assets

	2016	2015
	£	£
Plan assets at 1 July	52,134,957	48,314,433
Interest income	1,985,424	2,060,753
Return on plan assets less interest income	1,145,637	2,480,193
Contributions by NatGen Social Research	1,804,419	1,774,431
Contributions by scheme participants	5,242	22,475
Benefits paid, death in service premiums & expenses	(1,582,101)	(2,517,328)
Plan assets at 30 June	55,493,578	52,134,957

The actual return on the scheme assets in the year ending 30th June 2016 was £3,131,061.

Total expense recognised in the Statement of Financial Activities

	30 th June 2016	30 th June 2015
	£	£
Current service cost	1,046,620	1,160,147
Expenses	61,891	291,061
Net interest cost	544,589	494,434
Losses on curtailments	3,281,625	-
Total expense recognised in the Statement of Financial Activities	4,934,725	1,945,642

Statement of other recognised gains and losses

	30 th June 2016	30 th June 2015
	£	£
Return on plan assets less interest income	1,145,637	2,480,193
Actuarial losses	(8,045,017)	(4,550,224)
Total amount recognised in other recognised gains and losses – (loss)	(6,899,380)	(2,070,031)

Assets

	30 th June 2016	30 th June 2015
	£	£
Equity	32,332,423	30,507,833
Corporate Bonds	7,954,311	10,830,841
Cash	88,702	21,484
Property	2,583,535	3,112,175
Government bonds	12,534,607	7,662,624
Total assets	55,493,578	52,134,957

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 of the NatCen pension scheme 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

	2016	2015
	% per annum	% per annum
Rate of discount	3.00	3.80
Inflation (RPI)	3.10	3.30
Inflation (CPI)	2.00	2.20
Salary increases	3.10	2.20
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.00	2.20
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.10	n/a
Allowance for pension in payment increases of CPI or 3% p.a. if less	1.80	1.95
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a.	3.50	3.75
Allowance for commutation of pension for cash at retirement	80% of Post A Day	80% of Post A Day

The mortality assumptions adopted at 30th June 2016 are 100% of the standard tables S1PxA, year of birth, no age rating for males

and females, projected using CMI_2014 converging to 1.50% p.a. These imply the following life expectancies:

	Life expectancy at age 60 (Years)
Male retiring in 2016	27.1
Female retiring in 2016	29.6
Male retiring in 2036	29.4
Female retiring in 2036	32.0

The best estimate of contributions to be paid by NatCen to the scheme for the year commencing 1st July 2016 is £1,218,000.

15. Reconciliation of net expenditure to net cash flow from operating activities

	2016	2015
	£	£
<i>Net expenditure for the year (as per the statement of financial activities)</i>	(5,592,808)	(694,933)
Loss on disposal of fixed assets	9,316	2,237
Interest received	(17,927)	(15,435)
Depreciation charges	654,824	563,999
(Increase)/decrease in stocks	(100,382)	23,619
(Increase)/decrease in debtors	1,120,453	(1,730,257)
Increase/(decrease) in creditors	(555,052)	624,757
Pension cost less contributions payable (Note 14)	3,130,306	171,211
Net cash used in operating activities	(1,351,270)	(1,054,802)

