

**Northern Friends Peace Board**

**Financial Statements**

**for the year ended 31st December 2013**

**Northern Friends Peace Board**  
**Report of the Executive**  
**for the year ended 31<sup>st</sup> December 2013**

**Status**

A recognised Scottish Charity registered as such with the Inland Revenue in 1996 having previously been registered in 1967 with the Inland Revenue in England and Wales as an excepted religious charity. Originally established in 1913. The current constitution was adopted 27th February 2000.

**Reference and Administrative Information**

Charity name Northern Friends Peace Board

Charity Registration Number SC024632

Registered office Friends Meeting House  
38 Elmbank Crescent  
Glasgow  
G2 4PS

Operating address Victoria Hall  
Knowsley Street  
Bolton  
BL1 2AS

**Executive Committee**

Jette Howard	(Clerk to the Executive from 1 <sup>st</sup> January 2013)	(appointed 1 <sup>st</sup> January 2011)
Phoebe Spence	(Treasurer from 1 <sup>st</sup> January 2013)	(appointed 1 <sup>st</sup> January 2011)
Philip Latham	(Assistant Treasurer from 1 <sup>st</sup> January 2013)	(appointed January 2011)
Peter Cheer		
Ann Bettys		
Suzanne Wilson		(term of office completed December 2013)
Cathy Holman		
Robin Bowles		
Jill Tutton		(appointed July 2013)

The executive committee are appointed by the full Board on the nomination of the Board's Nominations Committee.

**Principal staff**

Philip Austin  
Steven Waling

**Custodian Trustee**

Friends Trusts Limited  
Friends House  
173-177 Euston Road  
London  
NW1 2BJ

**Independent Examiner**

James Gore-Langton FCCA DChA  
Slade & Cooper Limited  
Green Fish Resource Centre  
46-50 Oldham Street  
Manchester  
M4 1LE

**Bankers**

The Co-operative Bank	Bank of Scotland	Ecology Building Society
Olympic House	Craigs House	7 Belton Road
Montford Court	78 Upper Craigs	Silsden
Salford	Stirling	Keighley
M5 2QP	FK8 2DE	BD20 0EE

**Northern Friends Peace Board**  
**Report of the Executive**  
**for the year ended 31 December 2013**

The Northern Friends Peace Board Executive submits its report and accounts for the period 1<sup>st</sup> January – 31<sup>st</sup> December 2013. The Executive confirms that the accounts comply with current statutory requirements and the charity's constitution.

**Objectives and Principal Activities**

The objective of the Board is the advancement, within its areas of operation, of the principles of the Religious Society of Friends (Quakers) with special reference to the testimony against all wars and through promoting peace, justice and care for the environment. This arises from our original mandates: "To advise and encourage Friends in the North, and through them their fellow Christians and citizens generally, in the active promotion of peace in all its height and breadth." It undertakes education, training and other activities to this end.

When planning our activities for the year, the Executive considered the guidance of the Charity Commission and of the Office of the Scottish Charity Regulator on public benefit. The Executive is committed to reaching as many people as possible through its work, both members and attenders of the Society of Friends as well as people of other faith or of none.

**Objectives for the period**

- Marking our centenary with a wide range of activities and resources and using it to raise our profile amongst Quakers and others and to generate additional income and support.
- Keeping other project work going forward.
- Developing and maintaining our income by working on fundraising opportunities, keeping in touch with financial advisers on our investment portfolio and communicating with Area Meeting Treasurers and others financial contributions to our work.
- Improving the office working environment and arrangements and supporting the Co-ordinator.
- Reviewing our Development Plan and identifying future priorities.
- Providing further training and development for both the Executive and staff.
- Engaging further with the pension deficit issue, hoping to find the most manageable and sustainable way forward.
- Finding a way to give our co-ordinator a sabbatical.

**Significant activities**

- Three Board meetings were held during the year, with a fourth being replaced by a conference to mark our centenary year. At our meeting in Sheffield in March, Ian Sinclair talked about his book on the legacy and effects of the anti-war demonstrations of 2003. At our September meeting in Edinburgh, NFPB members and others from Scotland shared perspectives on Quaker peace work, past present and future. In November, we welcomed as a speaker Stuart Parkinson of Scientists for Global Responsibility. Each of our meetings were important occasions for sharing news and information about peace concerns and activities, for worship and reflection and for contributing to the various strands of our ongoing work.
- Our centenary work was the most significant feature of our year's activities. This resulted in a wide range of materials, events, talks and other opportunities for Friends and others to learn about and learn from our history and engage with current concerns. A summary of these is given below:
  - Events: Anniversary celebration, conference, talks to Quaker groups, peace lecture at the Peace History conference, Walk of Witness between Richmond Castle & Menwith Hill
  - Resources and publications: Historical booklet, resource-pack, 12-panel display, postcards, tea-towels, web materials.

In addition, the work of the NFPB centenary group laid important foundations for NFPB members and other Friends in preparing Quaker resources to mark the role of Friends during the First World War. Participation in the planning group for the peace history conference and extensive research activities by two of our members will lead to further opportunities for learning and engagement.

- We continued to develop the use of our website and social networking tools such as Facebook and Twitter.
- Our Building Peace in Diverse Britain project group developed plans for a conference on the theme of young people, due to take place in March 2014.

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- Our Sustainable Security project group met with members of the Quaker Peace and Social Witness sub committee on Economics, Sustainability and Peace. From this, initial plans were made to organise a workshop with Turning the Tide, to help the group develop its own strategy and identify tools that could be used for similar workshops for Quaker Meetings.
- We continued our involvement with a range of networks, including the Network of Christian Peace Organisations, with central Quaker work, particularly through the Co-ordinator's membership of the QPSW Peace Education Campaigning and Networking sub-committee. We were actively involved in the planning group for the Peace History and pleased to be able to contribute to that Manchester event. We also collaborated with other peace organisations in preparing for the Global Day of Action on Military Spending in April 2014 and attended conferences of Forces Watch and Stop the War Coalition.
- Trustees agreed to give the Co-ordinator a sabbatical of two months during 2014 and began to make arrangements for this, including exploring options for providing cover in his absence.
- Members of the Board considered and agreed a new Framework for Action for the coming few years, replacing and building on the earlier Development Plan.
- We were pleased to see the concern of one of our members, supported by the Board, leading to the publication by the Peace Education Network during the year of the Teach Peace resource pack.

### **Financial Review and Results**

Our income from individual donation and financial contributions for Local and Area Quaker Meetings all increased during the year. This was in part due to our centenary work and the raised profile this gave us, but also due to an improvement in the timing of our communications with Treasurers. Funding from Joseph Rowntree Charitable Trust for our Building Peace in Diverse Britain work continued until October, with agreement reached with the Trust to carry funds forward for this project to 2014. The sales of centenary resources generated valuable additional income and the involvement of Board members in helping with this task is greatly appreciated. Our investments performed well, generating an income of £8,000. We have managed our expenditure well and will continue to do so. No significant expenditure was made on office equipment during the year. Increased pension contributions demanded to cover the pension deficit from April 2013 had, as anticipated, a considerable effect on our funds and further fund raising will be needed to make up some of this shortfall.

### **FINANCIAL POLICIES**

#### **Risk assessment**

We undertook a risk assessment and updated our risk management policy.

We protect trustees against a potential liability arising from pensions' legislation by designating a significant portion of our reserves to meet any potential liability. We remain committed to avoiding such a liability crystallising and are investigating our future options in this regard options with regard to the Pensions liability. We met with the Yearly Meeting Treasurer and Head of Finance to discuss options for our continuing involvement with the Pensions Trust. Our Assistant Treasurer was elected to join the Pensions Trust Employers' Consultative Group, which we hope will provide a valuable additional opportunity for us to both to improve our understand the situation and to communicate our concerns.

#### **Reserves Policy**

In March 2001 Trustees agreed that we should endeavour to hold in our reserves the equivalent of four months' running costs, based on the period of notice required for the termination of our Co-ordinator's employment and any winding up costs associated with that. Our current reserves exceed this margin, largely as a result of the receipt of legacies in recent years. We expect to continue to draw on this additional source of finance to develop project work when necessary but need to retain sufficient funds to meet the potential liability pertaining to the Pensions Trust. Our reserves are invested ethically, and expect to earn £8,000 per annum, starting January 2013.

### **FUTURE PLANS**

- Complete the current phase of our work on Building Peace in Diverse Britain.
- Support Quakers and others in promoting peace in the context of the First World War centenary.
- Develop our work to support Friends in taking positive action for sustainable security and promoting thinking and action by others.
- Explore the possibility of our developing some work in relation to militarism and young people.
- Support NFPB as a community.

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- Developing work that is more effective at reaching Friends in Scotland and North Wales as well as in Northern England, with some possibility of work relating particularly the independence referendum in September 2014.
- Further work to widen our funding base.
- Strengthening our Executive committee through appointing new members and developing its skills and capacity.

**Structure, governance and management**

The area of operation of the Board is primarily that covered by the Area Meetings of Britain Yearly Meeting in Scotland, North Wales and Northern England. Its constitution is governed by the Law of Scotland and is registered as a charity with the Office of the Scottish Charity Regulator. The Board maintains an office in Bolton and a Scottish postal address. It employs a full-time Co-ordinator and a part-time Administrative Assistant.

Procedures of the Board and its committees follow the general counsel on church affairs set out in *Quaker Faith and Practice*. Its trustees form the Executive Committee and its work is guided by the meetings of all Board members, including Representatives of all Northern Area Meetings and co-opted members. The full Board and its Executive meet four times per calendar year and their various sub groups meet at different times, reporting to the Board and to the Executive.

The law requires the Executive to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources of the year and the application of resources of the charity for that period. In preparing those financial statements, the Executive are required to:

1. select suitable accounting policies and then apply them consistently,
2. make judgements and estimates that are reasonable and prudent,
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Executive are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with applicable accounting standards. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Executive during the period covered were Robin Bowles (Co-Clerk to the Board), Cathy Holman (Co-Clerk to the Board), Jette Howard (Clerk to the Executive), Philip Latham, Phoebe Spence (Treasurer), Jill Tutton and Suzanne Wilson (Co-Clerk to the Board). Friends are appointed to the Executive both from the membership of the Board and from amongst Northern Friends as co-opted members. We committed resources and time to continuing induction and training of staff and committee members. The Executive committee met four times during the period covered.

Philip Austin and Steven Waling, Co-ordinator and Administrative Assistant respectively, undertook the finance-related administrative work from the Board's office, and Philip Austin continued his co-ordinating role in relation to all other areas of the work of the Board and Executive.

The Board maintains effective and regular working links with Quaker Peace and Social Witness, with cross-representation of staff on its Peace Campaigning and Networking Group reinforcing this positive complementary working relationship. There are also international links, and inter faith dimensions to our work.

By Order of the Executive and signed on its behalf:

Jette Howard  
Clerk to the Executive 2013

Date

# Independent Examiner's Report to the Executive Committee (Trustees) of

## Northern Friends Peace Board

I report on the accounts of the charity for the year ended 31 December 2013 which are set out on pages 6 to 18.

### Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

### Basis of independent examiner's report

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

### Independent examiner's statement

In the course of my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
- to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

have not been met, or

- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

James Gore-Langton FCCA DChA  
Slade & Cooper Limited  
Chartered Certified Accountants  
Green Fish Resource Centre  
46-50 Oldham Street  
Manchester  
M4 1LE

*Date.....*

**Northern Friends Peace Board**  
**Statement of Financial Activities**  
**for the year ended 31 December 2013**

	Note	Unrestricted funds £	Restricted funds £	2013 £	2012 £
<b>Incoming resources</b>	2				
Donations and legacies		38,326	-	38,326	30,406
Grants		9,476	11,250	20,726	24,699
Fees and other income		1,019	6,637	7,656	4,253
Investment income		10,247	-	10,247	252
<b>Total incoming resources</b>		<b>59,068</b>	<b>17,887</b>	<b>76,955</b>	<b>59,610</b>
<b>Resources expended</b>	3				
Charitable activities		43,546	17,299	60,845	50,482
Governance costs		2,545	615	3,160	3,294
<b>Total resources expended</b>		<b>46,091</b>	<b>17,914</b>	<b>64,005</b>	<b>53,776</b>
<b>Net incoming/(outgoing) resources for the year</b>	5	12,977	(27)	12,950	5,834
Transfer between funds		4,380	(4,380)	-	-
Gains/(losses) on investments		11,416	-	11,416	9,071
<b>Net movement in funds</b>		<b>28,773</b>	<b>(4,407)</b>	<b>24,366</b>	<b>14,905</b>
Funds at 31 December 2012		213,347	16,563	229,910	215,005
<b>Funds at 31 December 2013</b>		<b>£ 242,120</b>	<b>£ 12,156</b>	<b>£ 254,276</b>	<b>£ 229,910</b>

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

## Northern Friends Peace Board

### Balance Sheet as at 31 December 2013

	Note	2013	2012
		£	£
<b>Fixed assets</b>			
Tangible assets	8	430	537
Investments	9	199,567	188,151
		199,997	188,688
<b>Current assets</b>			
Stock		1,460	434
Debtors	10	557	1,865
Cash at bank and in hand		54,924	39,973
		56,941	42,272
<b>Creditors: amounts falling due in less than one year</b>	11	(2,662)	(1,050)
		54,279	41,222
<b>Net current assets</b>		54,279	41,222
<b>Total assets less current liabilities</b>		£ 254,276	£ 229,910
<b>Reserves</b>			
Unrestricted funds			
Designated funds	13	88,466	96,569
General funds		153,654	116,778
		242,120	213,347
Subtotal		242,120	213,347
Restricted funds	14	12,156	16,563
		£ 254,276	£ 229,910

Approved by the Executive Committee and signed on their behalf by:

Jette Howard, Clerk to the Executive

Phoebe Spence, Treasurer

Date

**Northern Friends Peace Board**  
**Notes to the accounts**  
**for the year ended 31 December 2013**

**1 Accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. They have been applied consistently during the year, and in the preceding year.

**a Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Financial Reporting Standard for Smaller Entities (effective April 2008), and follow the recommendations in Statement of Recommended Practice - Accounting and Reporting by Charities (issued in March 2005).

**b Fund accounting**

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Executive for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management and support costs.

**c Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, legacies, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.

**d Resources expended**

Expenditure is recognised on an accrual basis when a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is included as part of the expenditure to which it relates.

**Northern Friends Peace Board**  
**Notes to the accounts**  
**for the year ended 31 December 2013 (continued)**

**1 Accounting policies (continued)**

**e Operating leases**

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remains with the lessor, are charged to the Statement of Financial Activities in the year in which they fall due.

**f Tangible fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Individual items costing less than £250 are not capitalised.

Tangible fixed assets are depreciated as follows:

Asset Category	Annual rate
Office equipment	20% (reducing balance)

**g Investments**

Investments are stated at market value at the balance sheet date. Net gains and losses on disposal and revaluation are included in the Statement of Financial Activities. The investment portfolio is held by King and Shaxson Capital as custodian trustee. Income arising from the investments is remitted directly to the charity.

**h Stock**

Stock of goods for resale is valued at the lower of cost or net realisable value.

**i Pensions**

The charity participates in a multi-employer pension plan run by the Pensions Trust. It is a money purchase pension scheme but it has some guarantees. The assets of the scheme are entirely separate to those of the charity and it not possible to identify the charity's share of the underlying assets and liabilities. The scheme is accounted for as a defined contribution scheme, and the pension cost shown represents contributions payable by the charity on behalf of the employees. The charity has no liability other than for payment of the contributions. There were no outstanding contributions at the period end. Further details of the scheme are given in note 16.

**j Cash flow statement**

The charity has taken advantage of the exemption in Financial Reporting Standard 1 from preparing a Cash Flow Statement on the grounds that it is a small entity.

## Northern Friends Peace Board

### Notes to the accounts for the year ended 31 December 2013 (continued)

#### 2 Incoming resources

	Unrestricted £	Restricted £	Total 2013 £	Total 2012 £
<b>Donations and legacies</b>				
Individuals	6,392	-	6,392	2,709
Meetings	30,634	-	30,634	27,697
Legacies	1,300	-	1,300	-
	<u>38,326</u>	<u>-</u>	<u>38,326</u>	<u>30,406</u>
<b>Grants</b>				
The Joseph Rowntree Charitable Trust	-	11,250	11,250	15,000
Other Trusts	-	-	-	5,300
Margaret Bayes Legacy Fund	5,000	-	5,000	-
Friends Trusts	556	-	556	629
Westcroft Trust	3,920	-	3,920	3,770
	<u>9,476</u>	<u>11,250</u>	<u>20,726</u>	<u>24,699</u>
<b>Fees and other income</b>				
Workshop fees and sales	435	6,637	7,072	3,587
Other income	584	-	584	666
	<u>1,019</u>	<u>6,637</u>	<u>7,656</u>	<u>4,253</u>
<b>Investment income</b>				
Bank interest	247	-	247	252
Dividends	10,000	-	10,000	-
	<u>10,247</u>	<u>-</u>	<u>10,247</u>	<u>252</u>
<b>Total incoming resources</b>	<u><u>£ 59,068</u></u>	<u><u>£ 17,887</u></u>	<u><u>£ 76,955</u></u>	<u><u>£ 59,610</u></u>

## Northern Friends Peace Board

### Notes to the accounts for the year ended 31 December 2013 (continued)

#### 3 Resources expended

	Unrestricted £	Restricted £	Total 2013 £	Total 2012 £
<i>Charitable activities</i>				
Salaries	37,384	7,200	44,584	37,885
Rent, heat & light	2,400	-	2,400	2,400
Accommodation	323	-	323	307
Staff & committee development	50	-	50	590
Stationery, postage, telephone & office	1,611	2,308	3,919	3,443
Representatives' travel	1,044	807	1,851	1,249
Insurance	251	-	251	246
Depreciation	107	-	107	134
Cost of publications	57	1,976	2,033	2,319
Sundry	94	-	94	4
Representations & Networking	225	-	225	185
Professional fees	-	2,846	2,846	1,140
Events	-	1,949	1,949	580
Advertising & website	-	213	213	-
	43,546	17,299	60,845	50,482
<i>Governance costs</i>				
Examination and accountancy	1,448	-	1,448	1,380
Board expenses	1,097	615	1,712	1,914
	2,545	615	3,160	3,294
<b>Total resources expended</b>	<b>£ 46,091</b>	<b>£ 17,914</b>	<b>£ 64,005</b>	<b>£ 53,776</b>

## Northern Friends Peace Board

### Notes to the accounts for the year ended 31 December 2013 (continued)

#### 4 Corporation tax

The charity is exempt from tax on income and gains falling within S505 of the Income & Corporation Taxes Act 1988 (ICTA 1998) or S256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

#### 5 Net incoming/(outgoing) resources

This is stated after charging/(crediting) the following:

	2013 £	2012 £
Independent examiner's remuneration	1,448	1,380
Depreciation	107	135
	<u>1,448</u>	<u>1,380</u>
Independent examiner's remuneration comprised:		
Independent examination	230	230
Accountancy	820	820
Payroll	398	330
	<u>1,448</u>	<u>1,380</u>
	<u>£ 1,448</u>	<u>£ 1,380</u>

#### 6 Staff costs

Staff costs during the year were as follows:

	2013 £	2012 £
Wages and salaries	32,550	31,785
Social security costs	2,997	2,953
Pension costs	9,037	3,147
	<u>44,584</u>	<u>37,885</u>
	<u>£ 44,584</u>	<u>£ 37,885</u>

The average number of employees during the year calculated on the basis of full time equivalents was as follows:

Co-ordinator	1.0	1.0
Administration assistant	0.2	0.2
	<u>1.2</u>	<u>1.2</u>
	<u>1.2</u>	<u>1.2</u>

The number of employees earning over £60,000 per annum excluding pension contributions was nil (2012: nil).

**Northern Friends Peace Board**  
**Notes to the accounts**  
**for the year ended 31 December 2013 (continued)**

**7 Trustees' remuneration and expenses**

One trustee (Robin Bowles) received payment during the year of £1,000. This was for specific project work for Building Peace in Diverse Britain (2012: One trustee received payment of £750.).

6 (2012: 7) trustees received travel and subsistence expenses during the year of £539 (2012: £519).

**8 Fixed assets: tangible assets**

	Office equipment £
<b>Cost</b>	
At 1 January 2013	1,228
Additions	-
Disposals	-
	£ 1,228
<b>Depreciation</b>	
At 1 January 2013	691
Charge for the year	107
Disposals	-
	£ 798
<b>Net book value</b>	
At 31 December 2013	£ 430
<i>At 31 December 2012</i>	<i>£ 537</i>

**9 Fixed asset investments**

	2013 £
Market value at 1 January 2013	188,151
Additional investment in year	-
Net investment gains/(losses) on revaluation and disposal	11,416
	£ 199,567
	£ 199,567

The investments comprise listed securities.

**Northern Friends Peace Board**

**Notes to the accounts  
for the year ended 31 December 2013 (continued)**

<b>10 Debtors</b>	2013 £	2012 £
Prepayments	318	810
Other debtors	239	1,055
	£ 557	£ 1,865

<b>11 Creditors: amounts falling due in less than one year</b>	2013 £	2012 £
Accruals	2,662	1,050
	£ 2,662	£ 1,050

**12 Lease commitments**

The charity had the following annual commitments under non-cancellable operating leases:

	Equipment	
	2013 £	2012 £
Leases expiring in:		
One year	-	-
Two to five years	828	828

**13 Designated funds**

	<i>As at 1 January 2013 £</i>	New designation £	Released designation £	Transfers £	<i>As at 31 December 2013 £</i>
Pension contingency	96,569	-	(8,103)	-	88,466
Pension deficit	73,908	-	(5,543)	-	68,365
	£ 170,477	£ -	£ (13,646)	£ -	£ 156,831

Designated funds have been earmarked by the trustees for the following purposes:

Pension contingency - in the possible (but unlikely) eventuality that the pension liability on withdrawal from the scheme described in note 16 (subsection 21) crystallises in the future.

Pension deficit - the charity is required to make additional payments to the scheme to reduce the scheme deficit over 10 years, commencing in April 2013. The fund represents the total future commitment in this respect.

## Northern Friends Peace Board

### Notes to the accounts for the year ended 31 December 2013 (continued)

#### 14 Restricted funds

	<i>As at 1 January 2013</i>	Incoming resources	Outgoing resources	Transfers	As at 31 December 2013
	£	£	£	£	£
Building Peace in Diverse Britain	9,142	11,250	(9,641)	-	10,751
Peace Papers	1,405	-	-	-	1,405
Centenary Project	6,016	6,637	(8,273)	(4,380)	-
	<b>£ 16,563</b>	<b>£ 17,887</b>	<b>£ (17,914)</b>	<b>£ (4,380)</b>	<b>£ 12,156</b>
	<b>£ 16,563</b>	<b>£ 17,887</b>	<b>£ (17,914)</b>	<b>£ (4,380)</b>	<b>£ 12,156</b>

The restricted funds are held for the following purposes:

Building Peace in Diverse Britain - a grant from The Joseph Rowntree Charitable Trust to fund work to arrange a series of events over a three year period.

Peace Papers Project - to produce a set of materials highlighting and detailing the range of activities for peace undertaken by British Quakers.

Centenary Project - Donations received to enable the charity to prepare resources and activities to mark our centenary in 2013, drawing on the past to inform and inspire future peace activities.

#### 15 Analysis of net assets between funds

Fund balances at 31 December 2013 are represented by:	Unrestricted £	Restricted £	Total £
Tangible fixed assets	430	-	430
Investments	199,567	-	199,567
Net current assets	42,123	12,156	54,279
	<b>£ 242,120</b>	<b>£ 12,156</b>	<b>£ 254,276</b>
	<b>£ 242,120</b>	<b>£ 12,156</b>	<b>£ 254,276</b>

**Northern Friends Peace Board**  
**Notes to the accounts**  
**for the year ended 31 December 2013 (continued)**

**16 Pension scheme and contingent liability**

- 1** The charity participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension plan.
- 2** Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.
- 3** The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.
- 4** The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
- 5** The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.
- 6** If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.
- 7** The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.
- 8** The charity paid contributions at the rate of 11% during the accounting period. Members paid contributions at the rate of 4% during the accounting period.
- 9** As at the balance sheet date there was one active members of the Plan employed by the charity. The charity continues to offer membership of the Plan to its employees.
- 10** It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

**Northern Friends Peace Board**  
**Notes to the accounts**  
**for the year ended 31 December 2013 (continued)**

**16 Pension scheme and contingent liability (continued)**

**11** The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore, revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

**12** The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

**13** In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

**14** The Scheme Actuary has prepared a funding position update as at 30 September 2013. The market value of the Plan's assets at that date was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

**15** If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

**16** The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

**17** Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

**Northern Friends Peace Board**  
**Notes to the accounts**  
**for the year ended 31 December 2013 (continued)**

**16 Pension scheme and contingent liability (continued)**

- 18** The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.
- 19** The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. Therefore, the amounts of debt can be volatile over time.
- 20** When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.
- 21** The Pensions Act 2011 also proposed regulations which will make "consequential or transitional provisions to avoid adverse consequences". Should an employer withdraw prior to the regulations coming into force (expected to be at the end of July 2014), they should contact The Pensions Trust to check whether the regulations could affect their debt on withdrawal calculation.
- 22** The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2013 the total deficit calculated on the buy-out basis was £219.9m.
- 23** The charity has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2013. As of this date the estimated employer debt for the charity was £88,466.76.