

Northern Friends Peace Board

Financial Statements

for the year ended 31st December 2010

Northern Friends Peace Board
Report of the Executive
for the year ended 31st December 2010

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

Ann Bettys (Clerk to the Executive)	
Frances Morgan	(term of office completed Dec 2009)
Mary Alice Mansell (Clerk to the Board)	(term of office completed Dec 2010)
Tim Carlisle (Treasurer)	Peter Cheer (resigned July 2009, reappointed April 2010)
Jenny Foot	Sarah Alldred (resigned January 2010)
Suzanne Wilson	Cathy Holman (appointed Sept 2010)
Robin Bowles	

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
6 Mount Street
Manchester
M2 5NS

Bankers

The Co-operative Bank	Bank of Scotland	Cafcash Limited	Ecology Building Society	Tridos Bank
Olympic House	Craigs House	King's Hill	7 Belton Road	Brunel House
Montford Court	78 Upper Craigs	West Malling	Silsden	11 The Promenade
Salford	Stirling	Kent	Keighley	Bristol
M5 2QP	FK8 2DE	ME19 4TA	BD20 0EE	BS8 3NN

Northern Friends Peace Board
Report of the Executive
for the year ended 31 December 2010

The Northern Friends Peace Board Executive submits its report and accounts for the period 1st January - 31st December 2010. 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.

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.

During the period covered, Mary Alice Mansell served as Clerk to the Board, Ann Bettys as Clerk to the Executive, and Tim Carlisle as Treasurer.

Other Executive members during the period were: Robin Bowles, Peter Cheer, Jenny Foot, Cathy Holman, Sarah Alldred and Suzanne Wilson. 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.

Northern Friends Peace Board
Report of the Executive
for the year ended 31 December 2010

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.

Objectives for the period

1. Developing the involvement of all NFPB members in our work and activities and the Board as a worshipping community
2. Setting up new project groups.
3. Implementing priorities set out in our 2009 Development Plan regarding communication, strengthening links with Quaker Meetings and other groups and involving more of our members in our work.
4. Further strengthening the capacity of the trustees to undertake their responsibilities.
5. Supporting the development of the office as an appropriate and safe working environment for our employees.
6. Supporting our Co-ordinator in undertaking training opportunities

Significant activities

1. Four meetings of our members took place, in Northern England and in Scotland, with speakers including Marion McNaughton and Jonathan Dale on Quaker engagement in politics; Chris Cole on the military use of unmanned aerial vehicles (drones) and Wade Tidbury and David Gee on the recruitment of young people into the military.
2. Our June meeting was a residential, taking place at Wiston Lodge near Biggar, enabling more reflective sessions and time for our members to build stronger links with one another.
3. Three new projects were set up; these held a series of meeting during the year to plan and to begin the implementation of their work. The project areas were: Building Peace in Diverse Britain, Promoting Sustainable Security and Supporting Young People as Peacemakers.
4. Our Sustainable Security group produced and distributed a statement of concern and began meeting collaboratively with Friends working on sustainability in other parts of Britain Yearly Meeting.
5. We contributed workshops for the Quaker Peace & Social Witness conference in August and during Quaker week at Bolton Meeting House.
6. We participated and contributed to conferences and meetings run by a range of organisations, including the Quaker Committee for Christian and Interfaith Relations, Friends World Committee for Consultation Europe and Middle East Peace & Service Consultation, Network for Peace (whose AGM was hosted by our members in Huddersfield) and the Centre for Good Relations.
7. A communications sub-group of our Executive met with graphic designer Lois Iredale and began working with her towards a new graphical style for our published materials.
8. A group was set up and started researching ideas for activities to mark the Northern Friends Peace Board Centenary in 2013.

Financial Review and Results

Our income over the period was again reduced during the year, largely due to the continued poor rate of return on our investments and a small decline in levels of financial support from supporting Meetings. Our expenditure was very slightly less than budgeted. Project-related expenditure travel costs were broadly in line with what we anticipated. We purchased a new colour laser printer, to enhance our capacity for producing colour materials. The project work is ongoing and existing funds will be sufficient to meet the needs of these projects. We received no further income from legacies this year.

Northern Friends Peace Board
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FINANCIAL POLICIES

Risk assessment

In order to avoid running at a deficit we continued to exercise caution in our spending during the year. 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. We have undertaken an assessment of other risks and implemented procedures to manage and minimise these. Our reserves are held by a number of financial institutions in order to protect them from the risk of any single financial institution experiencing problems.

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.

FUTURE PLANS

1. Continued training and development of the Executive committee as an effective team.
2. Widening and deepening the involvement of Board members in planning and implementing our work.
3. Building on the preparatory work of our new project groups to develop a diverse programme of activities with and for Friends and others.
4. Making preparations for marking our centenary in 2013.
5. Strengthening links with Young Friends and with those Area Meetings that are currently less involved in our work.
6. Continuing to implement the priorities identified in our Development Plan.
7. Implementation and development of sound investment policies for our additional funds.

By Order of the Executive and signed on its behalf:

Ann Bettys
Clerk to the Executive 2010

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 2010 which are set out on pages 6 to 17.

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:

1 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

2 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
Accountants
6 Mount Street
Manchester M2 5NS*

Date.....

Northern Friends Peace Board
Statement of Financial Activities
for the year ended 31 December 2010

	Note	Unrestricted funds £	Restricted funds £	2010 £	2009 £
Incoming resources	2				
Donations and legacies		31,457	-	31,457	34,140
Grants		4,095	3,750	7,845	4,038
Fees and other income		2,785	-	2,785	2,972
Investment income		1,306	-	1,306	2,321
Total incoming resources		39,643	3,750	43,393	43,471
Resources expended	3				
Charitable activities		44,475	3,717	48,192	45,096
Governance costs		2,978	-	2,978	2,225
Total resources expended		47,453	3,717	51,170	47,321
Net incoming/(outgoing) resources for the year	5	(7,810)	33	(7,777)	(3,850)
Transfer between funds		-	-	-	-
Gains/(losses) on investments		492	-	492	675
Net movement in funds		(7,318)	33	(7,285)	(3,175)
Funds at 31 December 2009		219,805	1,405	221,210	221,290
Prior year adjustment	1g	-	-	-	3,095
Funds at 31 December 2009		219,805	1,405	221,210	224,385
Funds at 31 December 2010		£ 212,487	£ 1,438	£ 213,925	£ 221,210

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 2010

	Note	2010	2009
		£	£
Fixed assets			
Tangible assets	8	841	994
Investments	9	4,262	3,770
		5,103	4,764
Current assets			
Stock		383	1,226
Debtors	10	1,681	68
Cash at bank and in hand		207,728	216,318
		209,792	217,612
Creditors: amounts falling due in less than one year	11	(970)	(1,166)
		208,822	216,446
Net current assets		208,822	216,446
Total assets less current liabilities		£ 213,925	£ 221,210
Reserves			
Unrestricted funds			
Designated funds	12	96,569	89,690
General funds		115,918	130,115
		212,487	219,805
Subtotal		212,487	219,805
Restricted funds	13	1,438	1,405
		£ 213,925	£ 221,210

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

Ann Bettys, Clerk to the Executive

Tim Carlisle, Treasurer

Date

Northern Friends Peace Board
Notes to the accounts
for the year ended 31 December 2010

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 2010 (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 Friends Trusts Ltd as custodian trustee. Income arising from the investments is remitted directly to the charity.

In previous years the portfolio has been omitted from the accounts, but the trustees now consider that it should be included. There is therefore a prior year adjustment in these accounts to include the market value of the portfolio as at 31st December 2008 in the funds of the charity at that date. This has resulted in an increase in the charity's brought forward unrestricted funds of £3,095.

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 15.

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 2010 (continued)

2 Incoming resources

	Unrestricted £	Restricted £	Total 2010 £	Total 2009 £
Donations and legacies				
Individuals	3,811	-	3,811	3,781
Meetings	27,626	-	27,626	28,149
Legacies	20	-	20	2,210
	31,457	-	31,457	34,140
Grants				
The Joseph Rowntree Charitable Trust	-	3,750	3,750	-
Friends Trusts	611	-	611	688
Westcroft Trust	3,484	-	3,484	3,350
	4,095	3,750	7,845	4,038
Fees and other income				
Workshop fees and sales	2,245	-	2,245	2,108
Other income	540	-	540	864
	2,785	-	2,785	2,972
Investment income				
Bank interest	1,109	-	1,109	2,176
Dividends	197	-	197	145
	1,306	-	1,306	2,321
Total incoming resources	£ 39,643	£ 3,750	£ 43,393	£ 43,471

Northern Friends Peace Board

Notes to the accounts for the year ended 31 December 2010 (continued)

3 Resources expended

	Unrestricted £	Restricted £	Total 2010 £	Total 2009 £
<i>Charitable activities</i>				
Salaries	33,694	2,500	36,194	35,668
Rent, heat & light	2,040	400	2,440	1,800
Accommodation	2,845	-	2,845	625
Staff & committee development	225	-	225	309
Stationery, postage, telephone & office	2,999	550	3,549	3,331
Representatives' travel	1,102	267	1,369	1,089
Insurance	3	-	3	236
Depreciation	222	-	222	248
Cost of publications	1,014	-	1,014	1,115
Sundry	66	-	66	650
Representations & Networking	-	-	-	25
Loss on disposal of fixed assets	265	-	265	-
	44,475	3,717	48,192	45,096
<i>Governance costs</i>				
Examination and accountancy	1,646	-	1,646	1,221
Board expenses	1,332	-	1,332	1,004
	2,978	-	2,978	2,225
Total resources expended	£ 47,453	£ 3,717	£ 51,170	£ 47,321

Northern Friends Peace Board

Notes to the accounts for the year ended 31 December 2010 (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:

	2010 £	2009 £
Independent examiner's remuneration	1,646	1,221
Depreciation	266	248
	<u>1,646</u>	<u>1,221</u>
Independent examiner's remuneration comprised:		
Independent examination	180	176
Accountancy	1,143	729
Payroll	323	316
	<u>1,646</u>	<u>1,221</u>
	<u>£ 1,646</u>	<u>£ 1,221</u>

6 Staff costs

Staff costs during the year were as follows:

	2010 £	2009 £
Wages and salaries	30,372	29,934
Social security costs	2,803	2,750
Pension costs	3,019	2,984
	<u>36,194</u>	<u>35,668</u>
	<u>£ 36,194</u>	<u>£ 35,668</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 (2009: nil).

Northern Friends Peace Board
Notes to the accounts
for the year ended 31 December 2010 (continued)

7 Trustees' remuneration and expenses

Neither the trustees nor any persons connected with them received any remuneration during the year.

7 trustees received travel and subsistence expenses during the year of £1,062 (2009: £1,613).

8 Fixed assets: tangible assets

	Office equipment £
Cost	
At 1 January 2010	9,436
Additions	334
Disposals	(8,542)
	£ 1,228
Depreciation	
At 1 January 2010	8,442
Charge for the year	222
Disposals	(8,277)
	£ 387
Net book value	
At 31 December 2010	£ 841
<i>At 31 December 2009</i>	£ 994

9 Fixed asset investments

	2010 £
Market value at 1 January 2010	3,770
Net investment gains/(losses) on revaluation and disposal	492
	£ 4,262
	£ 4,262

The investments comprise listed securities.

Northern Friends Peace Board

**Notes to the accounts
for the year ended 31 December 2010 (continued)**

10 Debtors	2010 £	2009 £
Prepayments	306	68
Other debtors	1,375	-
	<hr/>	<hr/>
	£ 1,681	£ 68
	<hr/> <hr/>	<hr/> <hr/>

11 Creditors: amounts falling due in less than one year	2010 £	2009 £
Accruals	970	1,166
	<hr/>	<hr/>
	£ 970	£ 1,166
	<hr/> <hr/>	<hr/> <hr/>

12 Designated funds	<i>As at 1 January 2010</i> £	New designation £	Released designation £	Transfers £	<i>As at 31 December 2010</i> £
Pension contingency	89,690	6,879	-	-	96,569
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The designated fund has been set up by the trustees to earmark funds in the possible (but unlikely) eventuality that the pension liability described in note 15 (subsection 21) crystallises in the future.

13 Restricted funds	<i>As at 1 January 2010</i> £	Incoming resources £	Outgoing resources £	Transfers £	<i>As at 31 December 2010</i> £
Building Peace in Diverse Britain	-	3,750	(3,717)	-	33
Peace Papers	1,405	-	-	-	1,405
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	£ 1,405	£ 3,750	£ (3,717)	£ -	£ 1,438
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 or activities for peace undertaken by British Quakers.

Northern Friends Peace Board

Notes to the accounts for the year ended 31 December 2010 (continued)

14 Analysis of net assets between funds

Fund balances at 31 December 2010 are represented by:	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	841	-	841
Investments	4,262	-	4,262
Net current assets	207,384	1,438	208,822
	<hr/>	<hr/>	<hr/>
Total net assets	£ 212,487	£ 1,438	£ 213,925
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15 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 Growth 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 Growth Plan or by the purchase of an annuity.
- 3 The rules of the Growth 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 Growth Plan every 3 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 Growth 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 Provision.
- 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 Growth 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.

Northern Friends Peace Board
Notes to the accounts
for the year ended 31 December 2010 (continued)

15 Pension scheme and contingent liability (continued)

9 As at the balance sheet date there was one active member 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. Growth Plan is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from the total scheme assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

11 The valuation results at 30 September 2008 have now been completed and will have been formalised. The valuation of the Scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

12 The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% p.a.
Investment return pre retirement	7.6
Investment return post retirement	
Actives/Deferreds	5.1
Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

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 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.

15 In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post retirement (pensioners).

Northern Friends Peace Board
Notes to the accounts
for the year ended 31 December 2010 (continued)

15 Pension scheme and contingent liability (continued)

- 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 scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to the Pensions Regulator on 18 December 2009, as required by legislation.
- 17** The next full actuarial valuation will be carried out as at 30 September 2011.
- 18** 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. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.
- 19** The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout 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.
- 20** The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 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. The amounts of debt can therefore be volatile over time.
- 21** 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 2010. As of this date the estimated employer debt for the charity was £96,568.85.
- 22** The charity has no plans to withdraw from the scheme, but having only two eligible employees, there is some risk that the above liability could crystallise. The trustees do not consider this risk to be sufficiently high that the liability should be provided for in these accounts, but have decided to set up a designated fund to cover the potential liability should it ever arise.