

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

Contents

	Page
Company Reference and Administrative Details	1
Executive Committee's Report	2
Independent Auditor's Report	6
Statement of Financial Activities (Including Income and Expenditure Account)	7
Balance Sheet	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THEY YEAR ENDED 31 DECEMBER 2016

Company registration number	03260840
Committee Members	Frances Butler The Hon Susan Baring OBE (resigned 10 September 2016) William Coales (appointed 1 December 2016) Fiona Horlick Martin Howe Nikita Lalwani Jeannie Mackie Richard Norton-Taylor Nick O'Shea Simon Prosser (appointed 10 September 2016) Joanna Shaw
Director	Martha Spurrier (appointed 31 May 2016)
Registered office	Liberty House 26-30 Strutton Ground London SW1P 2HR
Auditor	MHA MacIntyre Hudson Chartered Accountants New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
Bankers	Royal Bank of Scotland PLC 25 Millbank London SW1P 4RB Scottish Widows Bank PLC 67 Morrison Street Edinburgh EH3 8YJ Nationwide International Limited PO Box 217 5 - 11 St Georges Street Douglas Isle of Man IM99 1RN

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES (A company limited by guarantee)

EXECUTIVE COMMITTEE'S REPORT FOR THEY YEAR ENDED 31 DECEMBER 2016

The Executive Committee present their report and the audited financial statements for the year ended 31 December 2016. The Executive Committee members are the Directors for company law purposes

1. MISSION AND VALUES

Liberty (the National Council for Civil Liberties) campaigns for civil liberties and human rights in the UK. Our members have been holding the powerful to account, changing the law and making the news for 80 years.

Founded in 1934, we are a cross party, non-party membership organisation. We promote the values of individual human dignity, equal treatment and fairness as the foundations of a democratic society.

Liberty campaigns to protect basic rights and freedoms through the courts, in Parliament and in the wider community. We do this through a combination of public campaigning and engagement, test case litigation, parliamentary work, policy analysis and the provision of free advice and information.

2. ACHIEVEMENTS AND PERFORMANCE

Liberty's *Soldiers' Rights* campaign was prominent throughout the past year.

Thanks to the Human Rights Act (HRA), a fresh inquest into the death of Private Cheryl James at Deepcut Barracks was held in 2016 after a wait of more than 20 years. Liberty clients Des and Doreen James had fought for more years than their daughter was alive to find out what happened to her. The inquest heard from more than 100 witnesses and exposed a toxic environment at the barracks, with the Ministry of Defence finally admitting it had failed in its duty of care to our servicemen and women. The inquest was headline news across the media – and prompted two BBC documentaries – resulting in swathes of positive press for the HRA from sources usually hostile towards it. In October, the High Court ordered a fresh inquest into the death of Private Sean Benton at Deepcut in 1995.

In the same month, the Royal Military Police formally apologised to the family of Corporal Anne-Marie Ellement for failing to properly investigate the allegation of rape she made two years before taking her own life. Two ex-Corporals were acquitted of rape in April 2016, with the Judge issuing a damning indictment of their behaviour.

2016 also saw the publication of the first ever set of statistics on sexual offences in the military justice system, and the Government announced in November that allegations of sexual assault, exposure and voyeurism made within the Armed Forces will soon have to be referred to the relevant civilian police force, which is not the case at present. Liberty also fought against the Government's plan to derogate from the European Convention on Human Rights in future armed conflicts, which would leave our troops lacking vital protections.

Away from the Armed Forces, Liberty's *Save Our Human Rights* campaign continued, with the Government indicating it also wants to withdraw the UK from the European Convention on Human Rights. Children's rights were also a major priority as Liberty fought against the Children and Social Work Bill which sought to allow local councils to opt-out of child protection obligations. The Government then dropped the plan in early 2017.

Liberty also secured a major victory against the Government in the Court of Justice of the European Union, with the resulting press coverage boosting support for our *No Snoopers' Charter* campaign.

Liberty's enduring reach and impressive impact was demonstrated further in 2016:

- Liberty's policy work continues to put us at the heart of major legislative decisions. In 2016, we produced more than 60 parliamentary briefings and were cited 33 times in parliamentary debates.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

EXECUTIVE COMMITTEE'S REPORT
FOR THEY YEAR ENDED 31 DECEMBER 2016

We helped changed Government policy on a wide range of issues including child protection, justice for service personnel, immigration detention and labour law rights.

- Liberty lawyers delivered justice for people who would otherwise have been left marginalised. In 2016 we represented 40 clients in legal proceedings, intervened in 4 cases and ran 7 Judicial Reviews.
- Liberty's wide range of expert spokespeople raised their voices against the powerful across national news outlets and broadcast media. We were quoted in the print and online press over 3,300 times. Over 1,000 of these mentions were related to our work on soldier's rights, with coverage across all national papers and major broadcast outlets. We also succeeded in getting over 1,000 positive references to the Human Rights Act in the media – a critical contribution to the fight to protect the Act. We appeared on broadcast media 94 times and continued to grow our presence on social media – with over 100,000 engagements via twitter and 130,000 on Facebook.
- Every year, thousands of people come to Liberty for advice. In 2016, our staff and volunteers responded to over 2,930 requests for help via our Advice and Information service.
- Our membership base remains strong, with around 11,000 members.

3. FINANCIAL REVIEW

The result for the year ended 31 December 2016 is a surplus of £200,028 comprising an increase in the unrestricted fund of £228,086 and a decrease in the restricted funds of £28,058.

A surplus was planned for 2016 following two significant deficits in the preceding years. The aim was to ensure that Liberty remains within its reserves policy and provide a secure basis for its expansion. Liberty's Reserves Policy requires that Liberty's General Fund (which is calculated as total unrestricted funds less designated funds) hold at least 4 months', no more than 8 months', and ideally, 6 months' expenditure. At £1,309,047 the General Fund is within our reserves policy figure. It currently equates to around 6 months reserves, based on the approved 2017 budget.

Income in 2016 amounted to £2,482,713

Expenditure in 2016 increased overall by approximately 8% compared to 2015. This was the result of continued planned investment in capacity and campaigning.

As in 2015, Liberty spent most of its restricted funds (income received for specific purposes) in the year that it was received and at the year-end restricted fund balances amounted to £11,024.

Risks

The Committee has considered the risks to which the organisation is exposed, including legal, reputational and financial, and has taken steps to mitigate and manage those risks. Liberty's senior management team meets weekly and regularly reviews the possibility and likelihood of risks to the organisation. Mitigating actions are agreed and where appropriate, decisions are escalated to the Committee.

Financial risks are managed primarily by the adoption of a prudent reserves policy, along with an annual budget and fundraising strategy. The annual budget and fundraising strategy is produced in the autumn for the following year and the committee reviews financial reports at each meeting. Efforts are ongoing to increase the income received from membership subscriptions which will provide a stable funding base for Liberty's activities. Internal risks are controlled by implementing procedures for authorising transactions and managing campaigns and projects.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

EXECUTIVE COMMITTEE'S REPORT
FOR THEY YEAR ENDED 31 DECEMBER 2016

Plans for future periods

Liberty's expenditure and fundraising plan for 2017 was approved in December 2016. This plan includes a grant from The Civil Liberties Trust to fund Liberty's charitable works during this period.

Liberty expects to remain committed to defending the Human Rights Act as well as preparing to defend the European Convention of Human Rights in the light of hostility towards this from the current Government. Liberty is also challenging the Investigatory Powers Act in court, as well as continuing to fight on a range of fronts including the enduring hostile environment policies and military justice.

4. STRUCTURE, GOVERNANCE AND MANAGEMENT

The National Council for Civil Liberties, more commonly known as Liberty, is registered as a company limited by guarantee no. 03260840 ('the Company'); its governing instrument is its Memorandum and Articles of Association. The Company has no share capital or debentures and hence there are no directors' interests requiring disclosure under the Companies Act 2006.

The Company is the operational entity linked to an unincorporated association with essentially the same objects which was established in 1934. The members of the unincorporated association elect a Council. The Council in turn appoints an Executive Committee which, under the articles of association of the Company are the Company's members and Committee of Management, a Board of Directors for company law purposes. The unincorporated association directs Liberty policy but has no transactions, assets or liabilities, all members' subscriptions are paid to the Company. Unless otherwise stated, references to Liberty in this report and in the financial statements refer to the Company.

The Company also works closely with The Civil Liberties Trust ('the Trust'), a company no. 1024948. The Company undertakes a substantial amount of charitable work for which it receives a grant from the Trust. The Company also leases premises from the Trust. The Company can appoint a minority of trustees to the Trust which, in turn, can appoint a representative to the Executive Committee.

The Executive Committee is responsible for approving operational plans and budgets, and for appointing a Director. The Director is responsible for management of day to day operations and is supported by a senior management team.

5. STATEMENT OF RESPONSIBILITY FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Executive Committee members (who are also the directors of Liberty for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Executive Committee to prepare financial statements for each financial year. Under that law the Committee has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Executive Committee must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the income and expenditure of the Company for that year. In preparing those financial statements the Executive Committee is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Executive Committee is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

EXECUTIVE COMMITTEE'S REPORT
FOR THEY YEAR ENDED 31 DECEMBER 2016

Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

The Executive Committee is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

The Executive Committee members have confirmed that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The report was approved and authorised for issue by the Executive Committee Members on 10 May 2017 and signed on their behalf by Nick O'Shea

Executive Committee

A handwritten signature in black ink, appearing to read 'Nick O'Shea', with a horizontal line underneath.

Nick O'Shea, Chair

10 May 2017

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
FOR THEY YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of The National Council for Civil Liberties for the year ended 31 December 2016 set out on pages 7 to 22. 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 solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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 NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL COUNCIL FOR CIVIL
LIBERTIES**
FOR THEY YEAR ENDED 31 DECEMBER 2016

Opinion on other matters prescribed by the Companies Act 2006

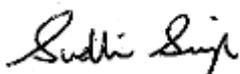
- In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Sudhir Singh FCA (Senior statutory auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: 13 June 2017

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
FOR THEY YEAR ENDED 31 DECEMBER 2016

	Note	2016		Total £	2015
		Unrestricted funds £	Restricted funds £		Total £
Income from:					
Donations		49,159	-	49,159	70,061
Legacies		365,990	-	365,990	25,038
Grant income	2	367,274	847,855	1,215,129	1,205,630
Membership subscriptions		610,105	-	610,105	576,264
Legal casework income		170,209	-	170,209	77,850
Other earned income		67,923	-	67,923	28,336
Investment income (net of tax)		4,198	-	4,198	4,703
Total income		1,634,858	847,855	2,482,713	1,987,882
Expenditure on:					
Legal and advice work		232,988	271,982	504,970	517,051
Membership and fundraising		373,059	55,917	428,976	480,423
Campaigns		354,024	254,918	608,942	457,922
Policy		277,490	155,120	432,610	353,747
Media		169,211	137,976	307,187	313,057
Total expenditure	3,4,5	1,406,772	875,913	2,282,685	2,122,200
Net income / (expenditure)		228,086	(28,058)	200,028	(134,318)
Total funds brought forward		1,155,501	39,082	1,194,583	1,328,901
Total funds carried forward	14	1,383,587	11,024	1,394,611	1,194,583

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The notes on pages 10 to 22 form part of these financial statements.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

BALANCE SHEET
FOR THEY YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Note	£	£
Fixed assets			
Tangible assets	9	<u>74,540</u>	<u>102,403</u>
Current assets			
Debtors	10	778,904	337,202
Cash at bank and in hand		<u>728,920</u>	<u>1,083,802</u>
		1,507,824	1,421,004
Creditors: amounts falling due within one year	12	(187,753)	(328,824)
Net current assets		<u>1,320,071</u>	<u>1,092,180</u>
Net assets		<u>1,394,611</u>	<u>1,194,583</u>
Funds			
Restricted funds	14	11,024	39,082
Unrestricted funds	14	1,383,587	1,155,501
Total charity funds		<u>1,394,611</u>	<u>1,194,583</u>

The financial statements were approved and authorised for issue by the Executive Committee on 10 May 2017

Signed on behalf of the Executive Committee



Nick O'Shea, Chair

Company registration number: 03260840

The notes on pages 10 to 22 form part of these financial statements.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

Statement of Cash Flows
FOR THEY YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Net cash flow from operating activities	18	(346,640)	(21,480)
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(12,006)	(5,578)
Bank Interest received		3,763	3,137
Net cash flow from investing activities		(8,243)	(2,441)
Net increase in cash and cash equivalents		(354,883)	(23,921)
Cash and cash equivalents at 1 January		1,083,802	1,107,723
Cash and cash equivalents at 31 December		728,919	1,083,802
Cash and cash equivalents consists of:			
Cash at bank and in hand		728,919	1,083,802
Short term deposits		-	-
Cash and cash equivalents at 31 December		728,919	1,083,802

The notes on pages 10 to 22 form part of these financial statements.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

1 Summary of significant accounting policies

(a) General information and basis of preparation

The accounts have been prepared in accordance with the accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014. Although the company is not a charity, in many respects its activities are similar to one and therefore in preparing the financial statements to provide a true and fair view, the Executive Committee has had regard to the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006, to the extent considered appropriate.

In the previous accounting period the company adopted the Financial Reporting Standard applicable to smaller entities (FRSSE). Following its withdrawal the company has adopted FRS 102. In doing so there was no impact on prior year figures.

The effect of events relating to the year ended 31 December 2016 which occurred before the date of approval of the financial statements by the Executive Committee has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 December 2016 and the results for the year ended on that date.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The Company is a company limited by guarantee. The members of the company are the Directors named on page 1. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company.

(b) Funds

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SOFA) when the company is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the company will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the company and it is probable that they will be fulfilled. In the year no donations (2015: £18,042) were for restricted funds.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Grants are accounted for in the period specified for their use by the donors provided that any conditions for receipt have been met. Where grants are received with a restriction as to the timing of the activities funded, the income is recognised in accordance with that restriction.

Legacy income is included in the SOFA when the legacy has been received or, if earlier, when it becomes probable that the legacy will be received and its value can be measured with sufficient reliability (for example if advance notification of a distribution is received from the executors). On occasion legacies will be notified to the company however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Legal income is recognised at the earlier of: the date at which it is received or the date at which the amount to be received can be reasonably estimated and its receipt is probable. This means in practice that legal income is recognised as it is earned – using a 'work in progress' estimate.

Membership subscriptions are accounted for on a cash received basis.

Income from trading activities includes income earned from the legal services, speaking events and services delivered for the Civil Liberties Trust. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred. Legal casework income is recognised when the Company's entitlement to it has been established, normally after costs have been taxed by the court. Other income is accounted for on the accruals basis. All income is stated net of VAT where applicable.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Legal and advice work
- Membership and fundraising
- Campaigns
- Policy
- Media

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(e) Support costs allocation

Support costs are those that assist the work of the company but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 4.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Fixtures and fittings	Between 5-8 years
-----------------------	-------------------

(g) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(h) Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(i) Leases

Rentals payable and receivable under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

(j) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

(k) Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

(l) Tax

The company is classified as a not for profit campaigning organisation. As such it is necessary to review the different sources of income received in each period for potential tax liability. The company is currently liable to corporation tax on its investment income only.

(m) Financial Instruments

The Company only holds basic Financial Instruments. The financial assets and financial liabilities of the Company are as follows:

- *Debtors* – trade and other debtors (including accrued income) are financial instruments and are debt instruments measured at amortised cost as detailed in note 10. Prepayments are not financial instruments.
- *Cash at bank* – is classified as a basic financial instrument and is measured at face value.
- *Liabilities* – trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in note 12. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver services rather than cash or another financial instrument.

(m) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the company to be able to continue as a going concern.

(n) Related parties

Executive Committee member donations (none of which carry conditions that might entail a significant change in the nature of Liberty's activities) are not disclosed as related party transactions.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

2 Income from grants

	2016	2015
	£	£
Civil Liberties Trust	698,698	758,703
Esmée Fairbairn Foundation	-	25,000
INCLO	19,883	-
Joseph Rowntree Reform Trust	14,665	
Open Society Foundation	273,533	273,011
Other grants	8,350	2,250
The Oak Foundation	175,000	100,000
Thomas Paine Initiative	-	46,666
Trust for London	25,000	-
	<u>1,215,129</u>	<u>1,205,630</u>

Of the grant income above, £847,885 (2015: £868,224) was for restricted funds.

3 Analysis of expenditure by activity

	Staff costs	Direct costs	Support costs	Total	2015
	£	£	£	£	£
Legal and advice work	263,585	59,308	182,077	504,970	517,051
Membership and fundraising	220,136	56,777	152,063	428,976	480,423
Campaigns	233,958	213,373	161,611	608,942	457,922
Policy	231,927	40,474	160,209	432,610	353,747
Media	176,084	9,469	121,634	307,187	313,057
	1,125,690	379,401	777,594	2,282,685	2,122,200
Support Costs	253,248	524,346	(777,594)	-	-
	<u>1,378,938</u>	<u>903,747</u>	<u>-</u>	<u>2,282,685</u>	<u>2,122,200</u>

£875,913 (2015: £875,790) of the above costs were attributable to restricted funds. £1,406,772 (2015: £1,246,410) of the above costs were attributable to unrestricted funds.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

4 Direct support costs

	2016	2015
Premises Costs		
Depreciation	39,869	50,470
Rent and rates	225,705	224,665
Other, including utilities, insurance, cleaning and refuse collection.	51,875	52,620
	317,449	327,755
Office Costs		
Information technology	30,964	32,301
Telephone	23,948	26,378
Archiving	1,904	27,627
Stationary	16,455	12,812
Postage	8,236	11,844
Other support costs	87,703	74,509
	169,210	185,471
Governance Costs		
Auditor's remuneration	14,500	13,600
Accountancy and other fees	2,987	6,888
AGM	16,741	24,775
Council and board Executive Committee costs	3,459	1,253
	37,687	46,516
	524,346	559,742

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

5 Net income for the year ended 31 December 2016

Net income is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	39,869	50,373
Operating lease rentals	153,417	153,417
Auditors remuneration (Governance costs)		
- Financial Audit	14,500	13,600
- Accountancy and other fees	2,000	6,888
- Amounts relating to prior years	987	-
Solicitors Accounts Rules Audit (Legal direct costs)	3,000	-
Pension costs	46,596	38,366
	<hr/>	<hr/>

6 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £14,500 (2015 - £13,600). In addition they completed an audit under the Solicitors Accounts Rules for the first time, for a fee of £3,000. They were also paid for services related to the annual corporation tax calculation and specific advice on the implementation of FRS102 amounting to £2,000. There were no further fees for accountancy services (2015 £6,888).

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

7 Staff costs and employee benefits

The total staff costs and employees benefit's was as follows:

	2016	2015
	£	£
Wages and salaries	1,208,014	1,028,788
Social security	124,328	105,448
Defined contribution pension costs	46,596	38,366
Other employee benefits	-	-
	<u>1,378,938</u>	<u>1,172,602</u>

The number of higher paid employees was:

	2016	2015
	Number	Number
£60,001 - £70,000	1	0
£70,001 - £80,000	0	1
	<u>1</u>	<u>1</u>

The average number of employees during the year was 31. (2015: 30).

8 Executive Committee and key management personnel remuneration and expenses

During the year, no Executive Committee members received any remuneration, benefits in kind or any reimbursement of expenses (2015 - £NIL).

The Company considers its key management personnel comprise the Executive Committee, Director, Policy Director, Legal Director, Head of Campaigns and Strategy, Development Director, Media Director and the Operations Director.

During the year, no Executive Committee members received any remuneration or reimbursement of expenses (2015 - £NIL).

The total amount of employee benefits received by key management personnel is £428,115 (2015: £418,199).

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

9 Tangible fixed assets

	Fixtures and fittings £
Cost or valuation:	
At start date 2016	275,891
Additions	12,006
Disposals	-
At end date 2016	287,897
Depreciation:	
At start date 2016	173,488
Charge for the year	39,869
Eliminated on disposals	-
At end date 2016	213,357
Net book value:	
At end date 2016	75,540
At end date 2015	102,403

10 Debtors

	2016 £	2015 £
Trade debtors	134,776	43,948
Other debtors	19,808	18,916
Prepayments and accrued income	320,829	196,296
Amounts receivable from Civil Liberties Trust	303,491	78,042
	778,904	337,202

It is the accounting policy of the Company to recognise income from legacies only when it is probable that they will be received and when the amount can be measured with sufficient accuracy to be considered a reliable estimate. There have been no legacies received since the year-end relating to 2016 (2015: £nil).

11 Clients' Bank Account

The Company maintains a designated client bank account to hold funds on behalf of clients for legal cases. At the year-end the balance in the account was £113,905 (2015: £17,941). Since the funds do not belong to the Company the balance is not recognised in the financial statements.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

12 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	16,132	53,928
Other tax and social security	11,368	36,958
Other creditors	11,276	5,856
Accruals and deferred income	148,328	231,402
Corporation Tax	649	680
	<u>187,753</u>	<u>328,824</u>

Deferred income

	Total
	£
Deferred income at 1 January 2016	88,987
Resources deferred during the year	75,000
Amounts released from previous years	(88,987)
	<u>75,000</u>

Deferred income relates to income recognised over more than one financial year in accordance with the accounting policy on grant income.

13 Corporation tax

The Company is only liable for corporation tax on its bank interest income and the tax charge for the year of £649 (2015: £680) has been netted off against this income. The effective tax rate for the year was 20.00% (2015: 20.00%).

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

14 Statement of Funds

	Balance at 1 January 2016 £	Income £	Expenditure £	Balance at 31 December 2016 £
Designated funds				
Designated – Fixed asset reserve	102,403	-	(27,863)	74,540
Unrestricted				
General Fund	1,053,098	1,634,858	(1,378,909)	1,309,047
	<u>1,155,501</u>	<u>1,634,858</u>	<u>(1,406,772)</u>	<u>1,383,587</u>
Restricted funds				
Other charitable campaigning work	39,082	847,855	(875,913)	11,024
TOTAL FUNDS	<u>1,194,583</u>	<u>2,482,713</u>	<u>(2,282,685)</u>	<u>1,394,611</u>

The Executive Committee has established the Fixed Asset Reserve to reflect funds tied up in fixed assets and therefore not available for other purposes.

During the year grants were received which contained restrictions on how they could be expended; these are shown within the restricted reserve.

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

15 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fixed assets	-	74,540	-	74,540
Net current assets	1,309,047	-	11,024	1,320,071
Total	1,309,047	74,540	11,024	1,394,611

16 THE CIVIL LIBERTIES TRUST

The Company is grant-funded by a registered charity called The Civil Liberties Trust and at the year-end there was an amount receivable from the Charity. The Company can appoint a minority of trustees of the Charity, which in turn can appoint a representative to the Executive Committee. Four members of the Executive Committee, Frances Butler, William Coales, Nick O'Shea and Joanna Shaw were trustees of The Civil Liberties Trust during the year. The terms of William Coales and Joanna Shaw did not overlap.

The chair of the Civil Liberties Trust is a member of the Executive Committee. A commercial rent of £153,417 + VAT per annum under a five year lease ending on 31 August 2016 was payable to the Charity in the year (2015 - £153,417). Liberty is continuing its tenancy under this lease on a rolling basis while a new lease is agreed with the Civil Liberties Trust.

During the year, Liberty charged the Civil Liberties Trust £58,583 plus VAT for services performed by Liberty employees on behalf of the Civil Liberties Trust. The Trust has no employees and relies on Liberty staff for fundraising and secretariat support.

17 Leases

Operating leases - lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than one year	12,785	153,417
Later than one and not later than five years	-	-
Later than five years	-	-

THE NATIONAL COUNCIL FOR CIVIL LIBERTIES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THEY YEAR ENDED 31 DECEMBER 2016

18 Reconciliation of net income to net cash flow from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the year ended 31 December	200,028	(134,318)
Investment income receivable	(4,198)	(4,703)
Depreciation and impairment of tangible fixed assets	39,869	50,470
(Increase) in debtors	(441,268)	(97,780)
Increase / (decrease) in creditors	(141,071)	164,851
Net cash flow from operating activities	<u>(346,640)</u>	<u>(21,480)</u>

19 Defined contribution pension plans

The company operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £46,596 (2015: £38,366).

20 Related party transactions

There are no related party transactions during the period (2016: £ nil).

21 First-time adoption of SORP (FRS 102)

The company has adopted the SORP (FRS 102) for the first time in the year ended 31 December 2016

There was no material effect of transition from FRSSE SORP 2015 to SORP (FRS 102).