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We place design at the heart of growth and renewal in Britain.

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About this document

This annual report and accounts covers the financial year 2009–10: the first part includes a review of the activities carried out during the year and the second part contains the financial statements. Separately, the Design Council publishes an Annual Review. Both documents, once published, are held on the website www.designcouncil.org.uk.

About the Design Council

For over 60 years the Design Council has promoted design for the public good. It is an executive non-departmental public body (NDPB) sponsored jointly by the Department for Business, Innovation and Skills (BIS) and the Department for Culture, Media and Sport (DCMS).

The Design Council places design at the heart of growth and renewal in Britain. As one of the world's leading design institutions, it is a centre of new thinking and insight into new ways to do business. It actively demonstrates how design can help build a stronger economy and improve everyday life.

The principal strategic document is the Design Council's plan *New Thinking Made Real: Economic Renewal by Design* sets out practical steps to help achieve economic renewal. This document sets out the future direction of the Design Council and will be available on the website in July, 2010.

The Design Council was incorporated by Royal Charter in 1976 and is a registered Charity, number 272099.

Registered Address:
34 Bow Street
London
WC2E 7DL

Chairman's letter

Only history will tell us whether the actions of national governments today will contribute towards the economic renewal of tomorrow. I would not, therefore, wish to over claim for design and its role right now. However, as I reflect on the last year at the Design Council, I am clear that a powerful story has been unfolding.

Our research this year on the design sector revealed a global services industry employing over 230,000 professionals and contributing multibillions to the economy. Design is one of our greatest national strengths.

When we deploy our design smartly within UK firms we turn the competitive threats into new value, jobs and exports. I have been impressed to see this at work through the Designing Demand programme across the English regions. With the lightest touch, our Design Associates have helped hundreds of companies become design savvy, grow and prosper.

The same applies to the public sector, where the the imperative is to do more for less. The Design Council has blazed a trail this year, demonstrating that design's creative spark and user-focus can help turn big social challenges like patient dignity or infection control into tangible enterprise and innovation. Again, we simply light the blue touch paper and provide the conditions. Designers and industry have delivered the answers and the country as a whole stands to gain.

The Big Rethink conference with The Economist provided an excellent opportunity to reflect on these and other business and design stories. It is reasonable to say that both design and the Design Council are already playing an important part in meeting the innovation challenge head on. It is not beyond the wit of this inventive nation to combining its strengths in design with other assets such as in science and technology. That way we are well placed to achieve the renewal we so urgently seek.

Lord Bichard, Chairman
5 July 2010

Achievements

This section outlines the progress made in the year against our four key objectives:

Objective 1: Business & public service innovation

— Designing Demand

The Design Council's business support service has been delivered in partnership with eight Regional Development Agencies to over 1,800 small and medium sized firms. During the year, 300 businesses participated in transformational programmes, with an additional 500 attending workshops. A roster of 54 expert Design Associates has been recruited and trained to mentor businesses to enable them to become more innovative, competitive and profitable.

— Innovate for Universities

24 projects were initiated in this year-long pilot to support scientists and technologists in developing new applications for their research and increase the chances of commercialisation. Early findings are positive with the final report due in July 2010.

— Public Services by Design

Six public service pilots were launched in partnership with BIS to deliver better services and create efficiencies and cost savings. Good progress has been made and final evaluations will be completed in July 2010.

— Demonstration Projects

This area of the business grew significantly during the year due to increased demand from clients, particularly from public service organisations looking to turn new ideas into practical products and services.

— Security

The *Design Out Crime* programme completed its scoping studies in the key problem areas identified by the Home Office's *Design and Technology Alliance Against Crime*, such as alcohol-related crime, hot product theft and business crime. New ideas and recommended solutions were delivered: mobile phone prototypes were developed with the support of the Technology Strategy Board.

— Healthcare

The *Design Bugs Out* programme delivered new prototypes to the NHS to combat the spread of MRSA and cDifficile which are now in production for the UK and abroad. Another major healthcare demonstration, Design for Patient Dignity developed innovative solutions for patient privacy and to resolve dignity issues. The initial concepts and prototypes are now being tested and refined with a view to introducing them to hospitals by early 2011. Further projects are in development with the Department of Health.

— Environment

Five schools in the South East have launched a design challenge to reduce water wastage as part of a programme with a utility provider to redesign their whole meter installation programme. In Cornwall, a challenge was launched to Year Eight pupils to reduce the size of their school's ecological footprint.

A programme involving key stakeholders from government departments, industry and NGOs to assess energy efficiency opportunities for UK households was undertaken on behalf of the Department for Energy and Climate Change (DECC) by the Design Council in partnership with the Energy Savings Trust and EAGA. The results are published in a joint DECC and Design Council report, *How can we help people make their homes more energy efficient?*

— Communities

The Design Council, Cornwall Council, University College Falmouth and the Technology Strategy Board formed a *Designs of the Time (Dott)* partnership to help create a more sustainable and inclusive society throughout Cornwall. A series of projects was launched which are progressing well, covering youth services, sustainable living, services for older people and social inclusion.

— Independence Matters,

a project addressing the issues of older living was undertaken with support from the Technology Strategy Board (TSB) to inform, from a design-led perspective, the activities of the TSB's planned *Assisted Living Innovation Platform*. Issues of living independently, mobility, work, personal identity and social inclusion have been considered, resulting in specific recommendations for the programme to progress in partnership with the Design Council in the period 2010-12.

Objective 2: Design sector development

— National Skills Policy

The *UK Design Alliance* renewed its national skills plan to support the design industry of the future based on the Design Council's latest design industry research. An online professional development portal was created which provides free business guides and signposts courses, training and opportunities for design professionals.

— Universities

Two fact finding missions to Europe and to America were undertaken to learn from the latest thinking in academia and business and to provide knowledge sharing events and opportunities for the 100 plus network members (staff at universities offering postgraduate programmes combining design, business, science and engineering).

— Schools

Two Design Challenges for schools were launched (Dott Cornwall and Sustainable Water Consumption) to develop skills for creativity, design and innovation and to enable secondary school students to make a positive impact on the environment. These challenges will finish in 2010 and the findings will be used to develop a UK-wide Schools Design Challenge.

Objective 3: Design policy & promotion

— Research

During the year, a survey of the UK design industry was completed and a national design research forum was convened as a platform to encourage the development of design research capacity within the UK, and to communicate key design research findings and research needs between relevant stakeholders.

— Policy

The Design Council worked in collaboration with BIS on its economic studies on the rationale for government design intervention to inform a National Design Policy for 2010. The organisation performed an advisory role across government and led workshops and talks across central and regional government, including a project with the civil service 'Top 200'.

— Online

The Design Council website was upgraded to improve the navigation, usability and content. We increased our social networking presence on sites such as Twitter, Facebook and YouTube, resulting in increased visitors online. The Design Council magazine DCM was published online.

— Events

The Big Rethink: Redesigning Business Summit, run in partnership with The Economist received positive feedback on providing best practice and new ideas on how companies can thrive in a post-recession economy. The 50th Prince Philip Designer's Prize was held at Buckingham Palace and the organisation had a presence at a series of events including: London Design Festival, Beijing Design Week, IGOGRADA World Design Congress, Health Expo, BIS and British Telecom Small Business Week.

Objective 4: Organisation & operations

- In the light of the economic downturn, the organisation focused on enterprise projects and generated 39% of its income from sources other than BIS, largely by successfully growing the demonstration projects. Funds were also raised by subletting part of the office space and hiring out the building for corporate events, all aimed at reducing operational costs.
- Building improvements were made to optimise the office environment for the team, the sub-let tenant and commercial clients who hire the event spaces.
- The value for money efficiency savings target was exceeded (actual £430k), and the organisation continually seeks new ways to be lean and efficient. Upgrades were made to business processes including resourcing and project management, financial management and training and development.

Management structure

The Design Council has a non-executive board of trustees led by the Chairman, Lord Bichard. A board of executive directors is led and overseen by the Chief Executive, David Kester.

The Secretaries of State for BIS and DCMS jointly appoint Council members according to the principles of the Office for the Commissioner for Public Appointments. Council members must comply with a code of practice. All members receive an induction on appointment and are involved in an annual strategy day.

The organisation's operating framework comprises the requirements set out in its Royal Charter, its Management Statement and its Financial Memorandum. Additionally, relevant Charity Commission requirements as well as central government directions are fully complied with.

The Council sets the strategic direction and ensures the effective and efficient use of all funds. It monitors and reviews how the organisation is performing against its objectives on behalf of our government sponsors, and is accountable to parliament. There are three sub-committees of the Council: Audit, Remuneration and Finance and Resources.

The following non-executive trustees served during 2009–10:

Name	Date appointed	Date retired	Committee membership
Lord Bichard (Chair)	January 2008		Remuneration (Chair)
Sebastian Conran	February 2009		
Bonnie Dean	January 2005		Audit
Joe Ferry	February 2009		
Jonathan Kestenbaum	March 2006		Finance and resources
Professor Geoff Kirk	January 2005		Audit
Professor Alan Livingston	February 2009		Audit
Professor Jeremy Myerson	February 2009		
Professor Eddie Obeng	February 2009		
Jonathan Sands	January 2000	December 2009	
Martin Temple	February 2009		Finance and resources
Sophie Thomas	February 2009		
Janet Walker	March 2006		Audit (Chair) remuneration
Peter Williams	March 2006		Finance and resources (Chair)
Richard Williams	January 2005		Finance and resources
Professor Chris Wise*	January 2005		Remuneration

* Members who were reappointed during the year.

A register of interests of the trustees and executive directors is kept and is available on request.

The following were executive directors during 2009–10:

Name	Date appointed	Date Left	Job Title
David Kester	April 2003		Chief Executive
David Godber	June 2008		Deputy Chief Executive
Ruth Hasnip	January 2002	June 2010	National Programme Director
Wendy Lanchin	July 2007	April 2009	Media, Marketing & Partnerships Director
Cameron Poole	September 2009	November 2009	Finance & Commercial Director
Richard Quinn	January 2010	May 2010	Finance & Commercial Director
Christopher Exeter	January 2010		Director of Policy
Mat Hunter	January 2010		Chief Design Officer
Helen Jacobs	January 2007	April 2009	Finance & resources Director

On 10 May, 2010, Stephen Bogira FCCA was appointed to act as interim Finance and Commercial Director pending the recruitment of a salaried director to replace Richard Quinn.

Employer philosophy

The Design Council is an equal opportunities employer committed to providing equal pay and to treating all team members and job applicants equally. Discrimination, harassment or victimisation is not tolerated. We promote effective consultation and communication with staff at quarterly company meetings and other regular forums. We are an accredited Investor in People. We welcome diversity and we have a range of modern HR policies and practices.

Absence days recorded during the year

Total absence days recorded for year were 326 days for sickness and maternity, which equates to: 4.5 days per person per year.

Absence as a percentage of worked days (lost time rate): 1.77%.

These statistics relate to all employees in the year (including staff who have now left).

Sustainability

The Design Council is committed to using resources efficiently, procuring materials and goods on the basis of their environmental, social and economic impact. We consider and actively promote sustainability and sustainable design through our operational activity and our programmes.

Professional advisors and bankers

Internal Auditors

Baker Tilly

46 Clarendon Road, Watford, Hertfordshire WD17 1JJ

Bankers

Lloyds TSB Plc

22-24 Southampton Street, London WC2E 7JB

Legal Advisors

Olswang

90 High Holborn, London WC1V 6XX

External Auditors

National Audit Office

157-195 Buckingham Palace Rd, London SW1 W 9SP

Financial review

This annual report and accounts is prepared on a going concern basis in accordance with the Accounts Direction issued by the Secretary of State, and it complies with the government's Financial Reporting Manual (FRoM) and the Charities Statement of Recommended Practice (SORP).

Overview

Incoming resources for the year were £10,343k (2009 £8,581k) and total resources expended were £10,089k (2009 £8,485k), resulting in a net surplus, before transfers, of £208k (2009 £96k).

BIS provided £6,115k grant-in-aid as core funding, including a capital grant of £80k (2009 £6,275k, including £240k of capital). The capital grant was fully utilised during the year.

The Design Council continues to broaden its income base beyond core grant-in-aid. Such sources amounted to £3,584k of incoming resources from other charitable activities, which equated to 35% of total income for the year. In 2009 the corresponding amount for other charitable activities was £2,271k, equal to 26% of total income. These monies are expended on key design projects mainly in the public sector.

Charitable donations

The Design Council neither made nor received any charitable donations in excess of £200 during the year.

Pensions

Except for the Chief Executive, the organisation operates a defined contribution pension scheme, with both employer and employee contributions, such that there are no defined benefit liabilities. Further details can be found in the remuneration report. A separate defined benefits scheme previously existed but has now been wound up.

Ongoing funding

The organisation is dependent on continued funding from BIS, without which it could not operate on such a scale. The continued financial support amounting to over £6m core monies each year from 2008-2011 was set out in the CSR2007 spending review. BIS advised that further cuts of £335K will be made to our grant-in-aid funding for 2010-11. We expect to accommodate this reduction while still meeting our liabilities as they fall due. There are uncertainties that could affect funding in the future – additional cuts for the public sector as a whole were signalled by the Chancellor's emergency budget on 22 June, and we are also aware that BIS is responding to a Cabinet Office request to review, along with all Departments, its Arms Length Bodies. At the date of issue of this report, however, we remain satisfied that the preparation of the Accounts on a going concern basis remains appropriate.

Reserves

At 31 March 2010, the Design Council had net assets of £1,459k (2009 £1,205k), being £703k of restricted funds, which are held over for activities planned in future financial years, and £756k of unrestricted funds, being general reserves held for contingency.

The Design Council reserves policy aims to create a fund of up to 7% of total income, against unforeseen events.

Investment

The Design Council holds current asset investments in a deposit account with Lloyds TSB, representing reserves and temporary surplus monies held on deposit.

This policy will be reviewed, in line with the reserves policy, by management annually.

Financial risk management

The Design Council is not exposed to any material interest rate risk, as the organisation does not borrow commercially and bank interest receivable is a negligible source of revenue.

Better payment practice code

Our policy is to pay all properly authorised invoices by the due date or within 30 days if no due date has been agreed, in accordance with the Better Payment Practice Code.

In 2010 the Design Council paid 67% (2009 67%) of invoices received in accordance with the above target. Ongoing challenges with the timely receipt and processing quality of invoices and coding are being addressed.

Internal auditors

Baker Tilly conducted an annual internal audit programme for which the fee in 2009–10 was £27k (2009 £41k).

External audit

The annual audit fee was £35k (2009 £40k). No non-audit services were provided.

Disclosure of relevant audit information

As far as the Accounting Officer is aware, there is no relevant information of which the Design Council's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant information reportable to the auditors and to confirm that the Design Council's auditors are aware of that information.

Future plans

The Design Council has made changes to its strategy and activities originally set out in 2008 within the *Good Design Plan*. Our revised plan, *New Thinking Made Real: Economic Renewal by Design* sets out the Design Council's immediate priorities within the context of a five-year vision for design at the heart of economic renewal.

Our starting point is very simple. We don't just want to design a better product; we want to design a better business. In fact, we want to design a better Britain.

The prevailing economic tide is tough on business. The public purse has a large hole and we cannot ignore the rising costs and responsibilities associated with social, demographic and environmental change. So everything we do must be judged through the filter of our three themes:

- Business competitiveness so that UK exports thrive
- Public value so that our services excel but not at any cost
- Global challenges so we play our part in making the world a better place.

There are four things we will do:

1. **Insight:** inspire new ways to do business
2. **Challenges:** Turn big problems into innovation
3. **Support:** Create new value out of competition
4. **Investment:** Grow design to build business.

Remuneration report

The Remuneration Committee is established to review general terms and conditions of employment and specific salary matters in relation to the Design Council's Chief Executive, and, periodically, directors and any staff with a salary in excess of £50,000. Ministers approve the annual staff Pay Remit in line with HM Treasury's public sector guidance.

The Chief Executive is paid a salary and a performance-related bonus. This bonus can be up to 20% of basic salary and is determined by the Remuneration Committee based on the extent to which agreed annual objectives have been exceeded, in consultation with our sponsor department.

Staff salaries are reviewed in line with the annual pay review process in July of each year and are reviewed against satisfactory performance, and are within the limits set by the Pay Remit via the Remuneration Committee and approved by the relevant BIS minister.

In July 2009 the Design Council introduced a new reward structure that is based in 16 bands and is supported by robust market data and a job evaluation system.

A performance-related pay scheme was introduced in July 2008, and has since been built on in 2009 and 2010, in accordance with ministerial requirements to develop performance-related pay.

The Chairman and Council members of the Design Council are appointed by the Secretaries of State in accordance with guidance from the Commissioner for Public Appointments. These appointments are unpaid, but expenses incurred on Design Council business are reimbursed. Expenses totalling £8,607 for travel, subsistence, entertaining and air fares were reimbursed to Council members during the year (2009 £5,806).

The Chief Executive is subject to a twelve month notice period.

Directors are on permanent contracts. New directors are subject to a six-month probationary period.

Senior managers are also on permanent contracts. New senior managers are subject to a three month probationary period.

Some specialists are on short fixed term contracts (no longer than 12 months), and are also on three-month probationary periods, after which an individual is confirmed in post, if satisfactory.

Up to confirmation, all contracts may be terminated on a week's notice.

Once confirmed in post, the length of notice is set out in the individual's employment contract; notice periods vary from one month to six months, as above.

If an individual is made redundant and has worked with the organisation for at least two years, a compensatory payment will be made in accordance with current legislation. The extent of this payment will depend upon the length of continuous service with the organisation and is subject to a maximum of six months' pay, plus any remaining contractual entitlements.

The following table provides a summary of the potential liability should the contract of any director in position at 31 March 2010 be terminated early.

Name	Title	No of complete years in contract	Early termination liability £ 000
David Kester	Chief Executive	7	135
David Godber	Deputy Chief Executive	2 (in June 10)	17
Christopher Exeter	Director of Policy	–	–
Mat Hunter	Chief Design Officer	–	–

Directors' emoluments

The following table summarises the Directors' emoluments.

Name	Date joined	Date left	2010				2009			
			Total	Salary	Pension	Benefits	Total	Salary	Pension	Benefits
David Kester Chief Executive	22.04.03		180	159	20	1	176	156	19	1
David Godber Deputy Chief Executive	02.06.08		110	101	9	–	89	83	6	–
Ruth Hasnip Director of Dott	04.01.02	23.06.10	94	85	8	1	79	70	8	1
Richard Quinn Finance & Commercial Director	04.01.10	05.05.10	22	22	–	–	–	–	–	–
Christopher Exeter Director of Policy	05.01.10		23	23	–	–	–	–	–	–
Mat Hunter Chief Design Officer	11.01.10		22	22	–	–	–	–	–	–
Cameron Poole Finance & Commercial Director	03.09.09	23.11.09	20	20	–	–	–	–	–	–

Neither Mr Exeter nor Mr Hunter were members of the pension scheme at 31 March 2010.

Employees' remuneration

The number of employees whose remuneration was over £50k (being salary and taxable benefits in kind but excluding employer's pension costs) falls within the ranges shown below:

	2010	2009
50,000 – 59,999	9	9
60,000 – 69,999	3	4
70,000 – 79,999	1	1
80,000 – 89,999	1	1
90,000 – 99,999	–	2
100,000 – 109,999	1	–
150,000 – 159,999	1	1

Pension contributions

The Chief Executive has a separate personal defined contribution pension scheme into which the Design Council pays 15% of his salary, which is invested through Standard Life.

Directors and all staff can join the Group Personal Pension scheme immediately after successful completion of their probationary period; thereafter they have one opportunity per annum to join the scheme in July of each year. This scheme is invested through Aviva.

At the beginning of the financial year the pension contribution policy was for staff to contribute 3%, senior managers 5% (if they joined before June 09) and Directors 10% of their basic salary. The Design Council correspondingly matches these amounts. During the year staff had the opportunity to increase their contribution from 1 July 2009 to 4%, which was also correspondingly matched.

Based on the above, the total pension charge for everyone was £101k (2009 £99k). At the year end, no outstanding payments were due to Standard Life (2009 £1k) and £12k was payable to Aviva (2009 £7k).

Other benefits

In addition all staff are entitled to a choice of one of the following benefits: health club membership, private healthcare or childcare schemes.



David Kester, Chief Executive
5 July 2010



Lord Bichard, Chairman
5 July 2010

Statement of the Council's and Chief Executive's responsibilities

Under Byelaw 20 of its Royal Charter, the Council is required to prepare financial statements for each financial year in the form and on the basis directed by the Secretary of State, as agreed by HM Treasury. The financial statements are to be prepared on an accruals basis and must give a true and fair view of the Design Council's state of affairs at the year end, and regarding its incoming resources, the application of those resources, the other financial activities and the cash flows for the financial year.

In preparing the financial statements the Council is required to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards have been followed, and disclose and explain any material departures therefrom in the financial statements.
- Prepare the financial statements on a going concern basis, unless it is inappropriate to assume that the Design Council will continue in operation.

Under law applicable to charities in England and Wales, the Council is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity. The Council is 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.

The Accounting Officer for BIS has designated the Chief Executive of the Design Council as the Accounting Officer for the Design Council. The relevant responsibilities of an Accounting Officer, including the responsibility for the propriety and regularity of the public finances, for which he is answerable, for the keeping of proper records and for safeguarding the Design Council's assets are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum, issued by HM Treasury and published in *Managing Public Money*.

Statement on internal control

In the following statement on internal control 'we' refers to the Accounting Officer (Chief Executive) and Chairman, and 'I' refers solely to the Chief Executive.

Scope of responsibilities

As Accounting Officer and Chairman, we have responsibility for maintaining a sound system of internal control that supports the achievement of the Design Council's aims and objectives as set out in our three year plan, while safeguarding the public funds and assets, for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in *Managing Public Money*.

As Chief Executive and Accounting Officer, I am accountable to the Secretary of State for BIS and Parliament for ensuring that the Design Council distributes its funds with due regularity and propriety and to the Chairman and Council for the economic, effective and efficient use and control of all funds. I advise the Council on the Design Council's performance and ensure that its governance responsibilities are discharged in accordance with established criteria.

Existence and purpose of the system of internal control

The system of internal control is designed to manage risk to the achievement of policies, aims and objectives to a reasonable level, rather than eliminate all risk of possible failure. It has operated throughout the year and is based on ongoing processes which identify and prioritise the required mitigation of significant risks, evaluate the likelihood of those risks being realised and their likely impact should they be realised, and enables management to manage them effectively, efficiently and economically.

Capacity to handle risk

The Audit Committee, on behalf of the Council, leads and is responsible for reviewing the implementation of the risk management processes. At executive level, I have charged the Finance & Commercial Director with the operational responsibility of maintaining an effective risk management system; in his absence the Finance Working Group carries this responsibility.

The Executive Board regularly reviews strategic risks, and individual executive directors are responsible for managing and monitoring these as well as project and operational risks. Staff also actively consider risks as part of the management of individual projects and activities.

Internal audit

Baker Tilly carries out internal audit work according to Government Internal Audit Standards. Its annual internal audit strategy is risk-based, focusing on areas of potential risk in addition to a core programme examining financial controls. Their analysis of risk and internal audit plans is reviewed by the Executive Board and the Audit Committee. Audit recommendations are made to the Audit Committee and to the Executive Board, with responses and implementation of recommendations managed by the Finance & Commercial Director.

Key new activities in 2009–10

Specific activities undertaken or begun during 2009-10 to improve risk management and internal control included:

- Establishing a Finance & Resources sub-committee of the Council which oversees matters concerning the organisation's finance and resource strategies, management and regulation.
- Updating the responsibilities of the Programme Board as a sub-committee of the Executive Board to oversee the project portfolio and to promote effective systems for project, risk, finance and resource management across the organisation.
- Tendering the internal audit contract, which resulted in Baker Tilly being re-appointed for one year by the Audit Committee, from a shortlist of six firms.
- Ongoing review and continuous improvement of policies and procedures, including establishing new policies on Reserves and Debt Collection.
- Establishing a subsidiary trading company to transact all non-primary purpose trading activities (sublet and corporate hire). The company was incorporated on 1 April 2010.
- Providing ongoing internal training for all budget holders in financial management and reporting processes and HR policies.

Information risks

The Design Council considers information security a high priority. There are key measures in place to protect information and minimise the risk of any breaches of security. These were added to in the year to ensure the Design Council maintains good information security policies.

An upgrade of IT policies and procedures, to reflect best practice and the requirements in the Cabinet Office's Security Policy Framework was carried out to minimise the risk of any information security breaches.

The Finance & Commercial Director acts as Senior Information Reporting Officer, with responsibility for information risk and security.

There were no known data losses during 2009–10.

Pay remit

The pay remit was approved by the BIS Minister in July 2009, and implemented.

Other matters

On 23 November 2009 the then newly appointed Finance & Commercial Director, Cameron Poole resigned with immediate effect due to allegations made against him by his previous employer. Given the nature of these allegations, the Chief Executive commissioned internal auditors Baker Tilly to conduct a thorough review to ascertain if there had been any evidence of fraud or wrongdoing, from the time of Mr Poole's

arrival on 3 September 2009 to his departure. Baker Tilly concluded that there was no evidence of any fraud and that checks carried out by the Finance Team were thorough. These findings were shared with the Council members, BIS and the National Audit Office.

Recruitment processes were reviewed, and the conclusion was that they are generally effective and of a high standard. Some additional measures, however, have been put in place since Mr Poole's departure, notably a six-month probationary period for newly appointed Executive Directors and senior financial positions, and mandatory credit checks for all new personnel entering the organisation at this level.

The Chairman and Council members were kept fully informed of this matter and were satisfied with the swift action, controls and amended procedures.

As noted in the list of directors, the then Finance & Commercial Director Richard Quinn left on 5 May 2010, having been in the position for four months, and having been a replacement for Cameron Poole.

These unexpected changes have placed a significant workload on the finance function at a time when budget headings and reporting needs were in transition. While primary controls have remained in place, post the year end, a backlog of financial processing and reporting has built up and is being addressed through the appointment of an interim Finance & Commercial Director and the development of recovery plans. Broad budgetary controls remain in place and financial targets set by the new, coalition government will be met. Complex VAT and Corporation Tax matters are in hand with Baker Tilly as ongoing advisors.

Review of effectiveness of internal control systems

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive directors, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Baker Tilly's internal audit team provide me with regular reports on their internal audit activity and their annual report to the Audit Committee includes their opinion on the adequacy and effectiveness of the Design Council's system of internal control. For 2009–10 they concluded that there are no significant matters arising from internal audit visits and the systems in place are efficient, effective and reliable, sufficient for me as Accounting Officer to rely on.

Conclusion

As Chief Executive, I have therefore concluded that, although yet further improvements to systems can always be made, and the Design Council is committed to continuous improvement in its corporate processes and affairs, there have been no significant internal control problems during the year.

A handwritten signature in black ink, appearing to read 'David Kester', written in a cursive style.

David Kester, Chief Executive
5 July 2010

A handwritten signature in black ink, appearing to read 'Lord Richard', written in a cursive style.

Lord Richard, Chairman
5 July 2010

The Certificate of the Comptroller and Auditor General to the houses of Parliament

I have audited the financial statements of the Design Council for the year ended 31 March 2010 under the Royal Charter of 1976. These comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is described in that report as having been audited.

Respective responsibilities of the Council, Chief Executive and Auditor

The Council and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the remuneration report, and the financial statements in accordance with the Royal Charter of 1976 and directions made by the Secretary of State and for ensuring the regularity of financial transactions. The responsibilities are set out in the Statement of the Council's and Chief Executive's responsibilities. My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made by the Secretary of State. I report to you whether, in my opinion, the information, which comprises the Management Structure, Sustainability and Financial review sections, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In addition, I report to you if the Design Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on internal control reflects the Design Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Design Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises the remaining sections of the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the Council and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Design Council's circumstances, consistently applied and adequately disclosed. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the remuneration report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State, of the state of the Design Council's affairs as at 31 March 2010 and of its incoming resources and application of resources for the year then ended;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Charities Act 1993 and Secretary of State directions made thereunder; and
- information, which comprises the Management Structure, Sustainability and Financial review sections, included within the Annual Report, is consistent with the financial statements.

Opinion on regularity

In my opinion, in all material respects, the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

7 July 2010

Financial statements

**Statement of financial activities for the year ended
31 March 2010**

	Note	Unrestricted funds £ 000	Restricted funds £ 000	2010 total funds £ 000	2009 total funds £ 000
Incoming resources					
Voluntary income		6,115	–	6,115	6,275
Investment income		5	–	5	35
Incoming resources from generated sources	2	6,120	–	6,120	6,310
Incoming resources from charitable activities	2	639	3,584	4,223	2,271
Total incoming resources	2	6,759	3,584	10,343	8,581
Resources expended					
Costs of charitable activities		6,410	3,515	9,925	8,211
Governance costs		164	–	164	234
Total resources expended	7	6,574	3,515	10,089	8,445
Cost of capital charge	4	46	–	46	40
Total resources expended including notional costs		6,620	3,515	10,135	8,485
Net incoming/(outgoing) resources before transfers		139	69	208	96
Movement/Increase of funds	9	(207)	207	–	–
Net incoming/(outgoing) resources before other recognised gains & losses		(68)	276	208	96
Cost of capital reversal	4	46	–	46	40
Net movement in funds		(22)	276	254	136
Funds brought forward at 1 April 2009		778	427	1,205	1,069
Net movement in funds		(22)	276	254	136
Funds carried forward at 31 March 2010		756	703	1,459	1,205

Notes:

- All operations of the Design Council are continuing.
- There were no recognised gains and losses in the year other than those shown above.
- The notes on pages 33 to 45 form part of these accounts.

Balance sheet as at 31 March 2010

	Note	2010 £ 000	2009 £ 000
Fixed assets			
Tangible fixed assets at net book value	11	446	423
		446	423
Current assets			
Investment	12	1,000	–
Prepayments and debtors	13	1,551	626
Cash at bank	14	789	1,955
		3,340	2,581
Current liabilities			
Creditors: amounts falling due within one year	15	(2,147)	(1,799)
Net current assets		1,193	782
Creditors: amounts falling due after one year			
Provisions for dilapidations	16	(180)	–
Total assets less liabilities		1,459	1,205
Funds			
Unrestricted funds	8	756	778
Restricted funds	9	703	427
Total funds		1,459	1,205

The notes on pages 33 to 45 form part of these accounts.



David Kester, Chief Executive
5 July 2010



Lord Bichard, Chairman
5 July 2010

Cash flow statement for the year ended 31 March 2010

	Note	2010 £ 000	2009 £ 000
Net cash inflow/(outflow) from operating activities	20	(19)	1,363
Return on investments and servicing of finance			
Interest received	6	5	35
Capital expenditure and financial investment			
Acquisition of fixed assets	11	(152)	(199)
Investment made	12	(1000)	–
Net cash inflow/ (outflow) overall		(1,166)	1,199

The notes on pages 33 to 45 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

a. Accounting convention

The financial statements have been prepared in accordance with the Accounts Direction issued by the Secretary of State, applicable Accounting Standards issued by the UK Accounting Standards Board and the Statement of Recommended Practice (SORP): Accounting & Reporting by Charities 2005, and guidance issued by HM Treasury.

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis.

b. Incoming resources

All incoming resources are recognised within the Statement of financial activities (SOFA) where:

- The organisation is entitled to the income
- It is certain that the resource will be received
- The resource can be quantified with reasonable accuracy.

Where entitlement to incoming resources requires a specific performance to be achieved (a contract or performance related grant) then incoming resources are recognised only to the extent that the performance has taken place. Where monies are received in advance of entitlement they are deferred and only recognised when the activity providing an entitlement to this income has taken place.

c. Resources expended

Expenditure is accounted for on an accruals basis, and allocated to the appropriate heading in the Financial Statements. Charitable activities expenditures enable the Design Council to meet its charitable aims and objectives, consistent with good governance.

d. Grants payable and constructive obligations

Normally, under FRS12, a charity like the Design Council must account for all constructive obligations by charging specific commitments fully in the year made and other commitments when paid, also noting the latter is noted as a contingent liability pending payment.

e. Funds accounting

Funds held by the charity are either:

- **Unrestricted funds:** these are funds which can be used in accordance with the charitable objects of the organisation, at the discretion of the Design Council.
- **Restricted funds:** these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor, or when funds are raised for particular restricted purposes.

f. Reserves policy

Generally, the Design Council maintains a small balance of unrestricted reserves as a contingency, in line with charity commission guidelines, being the unrestricted funds.

g. Fixed assets

Tangible Fixed Assets costing less than £1k are not capitalised and are written off in the year of purchase.

In accordance with the recommendations of the SORP and Urgent Issues Task Force (UITF) 29 (website development costs) all website costs are expensed in the year in which they are incurred.

Fixed assets are written off on a straight line basis over the assets' expected useful lives as follows:

Leasehold improvements	Over the period of the lease
Leasehold fixtures and fittings	5 years, or over the period of the lease if less
Furniture and equipment	5 years
Computer hardware & software	2–5 years
Servers and associated licenses	5 years
Laptops and associated licenses	3 years

h. Pension costs

Pension costs are charged to the accounts on an accruals basis, in accordance with the requirements of FRS 17.

i. Leases

Any lease which entails taking substantially all the risks and rewards of ownership of an asset is treated as a finance lease and is recorded in the balance sheet as a tangible fixed asset at its fair value, and depreciated over the term of the lease. Future instalments, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the income and expenditure account, and the capital element, which reduces the outstanding obligations for future instalments.

All other leases are accounted for as operating leases, and rentals are charged to the income and expenditure account on a straight line basis over the life of the lease.

j. Foreign currency

Transactions in foreign currency are recorded using the exchange rate ruling at the date of the transaction. Profits or losses on exchange are included in other operating income/charges for the year. Non-sterling assets and liabilities are recorded using the exchange rate ruling at the balance sheet date.

k. Value Added Tax (VAT)

The Design Council incurs irrecoverable VAT on many of its operations. In such instances transactions are stated inclusive of VAT. Where a transaction relates to an activity where the input VAT is recoverable, such items are stated net of VAT. Where fixed assets have been stated inclusive of VAT, VAT is then written off over their useful lives. The Design Council is currently in discussions with HMRC with a view to establishing a partial exemption arrangement and to recover excess VAT paid if such an arrangement had been in place for a number of years. The outcome of these negotiations cannot be predicted.

l. Cost of capital

In accordance with HM Treasury guidance, the Design Council has included a nominal cost of capital in the results for the year calculated at a rate of 3.5% on average net capital employed. This nominal cost is added back to determine the movement on reserves.

m. Provisions

The Design Council renegotiated a new lease to its 34 Bow Street premises in 2007 for a further 10 years. Extensive refurbishment work took place in 2008 and 2009 to modernise the office space. A provision has been made in these financial statements, for the 2017 cost of restoring 34 Bow Street to its original condition. Additionally, an annual provision is made for normal dilapidations. Both provisions have been discounted to present day values by using the HMT rate of 2.2% per annum.

2. Incoming resources

Analysis of income from generated sources

	2010 £ 000	2009 £ 000
Revenue grant-in-aid	6,035	6,035
Capital grant-in-aid	80	240
Total voluntary income	6,115	6,275
Investment income – interest receivable	5	35
Incoming resources from generated sources	6,120	6,310
Incoming resources from charitable activities		
Grants	566	1,074
Business programme fees	3,239	963
Income from ancillary trades	328	154
Design related external income	90	80
Total incoming resources from charitable activities	4,223	2,271
Total incoming resources	10,343	8,581

Of the total incoming resources of £10,343k, £6,759k is unrestricted and £3,584k is restricted.

3. Staff costs

	2010 £ 000	2009 £ 000
Salaries	2,859	2,776
Social security costs	314	292
Pension costs	101	99
Staff benefits	30	28
Total payroll staff costs	3,304	3,195
Total temporary and contract staff costs under review	157	350
Total staff costs	3,461	3,545

Number of employees

The average number of salaried full time equivalent employees employed by the Design Council in the year ended 31 March 2010 was as follows:

	2010 Number	2009 Number
Permanent (payroll)	66	54
Other staff (other)	2	6
Total (full-time equivalent)	68	60

4. Cost of capital

In accordance with HM Treasury guidance, the nominal cost of capital is calculated based on average total assets less liabilities during the year, at the agreed HM Treasury rate of 3.5% (2009 – 3.5%)

	2010 £000	2009 £000
Cost of capital	46	40

5. Other operating charges

	Note	2010 £000	2009 £000
External auditors' remuneration		35	40
Travel, subsistence and hospitality			
Staff		111	86
Council members		9	10
Operating leases – plant and machinery	18	13	15
Operating leases – other	18	818	818
Depreciation	11	129	114

6. Net interest receivable

	2010 £000	2009 £000
Bank interest receivable	5	35

7. Total resources expended

Analysis of income from generated funds as deployed in the year:

	Grants Payable £ 000	Staff Costs £ 000	Other Direct Costs £ 000	Total Costs £ 000	Allocation of Support Costs £ 000	2010 total £ 000	2009 total £ 000
Direct charitable expenditure							
Design Policy	–	701	1,038	1,739	1,046	2,785	576
Design for Business	–	430	733	1,163	700	1,863	2,174
Design for the Public	230	440	1,957	2,627	1,582	4,209	2,469
Design Knowledge	–	335	332	667	401	1,068	2,992
	230	1,906	4,060	6,196	3,729	9,925	8,211
Governance costs	–	81	83	164	–	164	234
At 31 March 2010	230	1,987	4,143	6,360	3,729	10,089	8,445
At 31 March 2009	44	1,752	2,702	4,498	3,947	8,445	–

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. These include audit, legal and professional advice for Council members and a proportion of payroll costs of certain directors and support staff.

Support costs are shown below and include those relating to business support, including human resources, general administration expenses and executive management and information systems. Support costs have been allocated to the charitable activities based upon each department's proportion of total staff and direct costs.

Support code

	2010 £000	2009 £000
Communications	136	515
Government relations	160	151
Facilities	1,720	1,401
Human resources	318	531
IT	135	215
Finance	452	482
Depreciation	129	93
Other	679	559
Total support cost	3,729	3,947

8. Unrestricted funds

	Note	2010 Total funds £000	2009 Total funds £000
1 April 2009		778	692
Transfer to restricted reserves	9	(207)	
Net incoming/(outgoing) resources		139	46
Cost of capital reversal	4	46	40
At 31 March 2010		756	778

9. Analysis of funds

Unrestricted funds

	At 1 April 2009 £ 000	Incoming resources £ 000	Outgoing resources £ 000	Transfers from unrestricted reserves £ 000	At 31 March 2010 £ 000
Unrestricted totals					
Opening balance	778	6,759	(6,574)	(207)	756
Total unrestricted funds	778	6,759	(6,574)	(207)	756

	At 1 April 2009 £ 000	Incoming resources £ 000	Outgoing resources £ 000	Transfers from unrestricted reserves £ 000	At 31 March 2010 £ 000
Restricted funds					
Designing Demand – Regional Development Agencies (RDAs)					
Advantage West Midlands	97	82	(82)	–	97
East of England RDA	71	57	(57)	–	71
East Midlands RDA	–	200	(1)	–	199
London RDA	35	38	(38)	–	35
North West RDA	49	33	(33)	–	49
One North East	–	28	(28)	–	–
South East England RDA	9	12	(12)	–	9
South West RDA	54	84	(86)	–	52
Yorkshire Forward	97	81	(81)	–	97
DD Implementation	–	41	(41)	–	–
Other programmes					
Innovate for Universities	–	92	(67)	–	25
Public Services by Design	–	217	(322)	85	(20)
Design Out Crime	–	1088	(1,116)	27	–
Design Bugs Out	–	166	(166)	–	–
Design for Patient Dignity	–	714	(666)	–	48
Sustainable Water	16	513	(511)	–	18
Independence Matters	–	63	(52)	–	11
Design Skills Alliance	–	3	(36)	34	–
Multi Disciplinary Design Network	–	30	(37)	7	–
Schools Design Challenge	–	2	(55)	53	–
Home Energy Management	–	40	(28)	–	12
Future Design Leaders	(1)	–	–	1	–
Total restricted funds	427	3,584	(3,515)	207	703
Total funds	1,205	10,343	(10,089)	(0)	1,459

Restricted funds

Under the Charities SORP, we are required to show the gross movement of all restricted income and expenditure, which is shown below.

Thus there was net movement of £207k from unrestricted funds to restricted funds to offset the net negative movement of restricted funds.

Within the outgoing resources there is a cross charge from Restricted Expenditure of £345k being the overhead recovery relating to the above projects.

Public Services by Design shows a deficit. This may be recovered at the end of the project.

10. Analysis of net assets between funds

	Note	Unrestricted funds £000	Restricted funds £000	Total £000
Tangible fixed assets	11	446	–	446
Current assets	12,13,14	2,373	967	3,340
Current liabilities	15	(1,883)	(264)	(2,147)
Creditors: amounts Due after one year	16	(180)	–	(180)
Total Net Assets at 31 March 2010		756	703	1,459
Total Net Assets at 31 March 2009		778	427	1,205

11. Fixed assets

	Leasehold improvements £ 000	Furniture & equipment £ 000	Information technology £ 000	Total £ 000
Cost				
1 April 2009	2,680	490	258	3,428
Additions	72	6	74	152
Disposals	–	–	–	–
31 March 2010	2,752	496	332	3,580
Depreciation				
At 1 April 2009	2,434	391	180	3,005
Charge for year	29	58	42	129
31 March 2010	2,463	449	222	3,134
Net book value				
At 31 March 2010	289	47	110	446
At 31 March 2009	246	98	79	423

12. Investments

	Restricted 2010 £000	Unrestricted 2010 £000	Total £000	2009 £000
Lloyds TSB money Market deposit	500	500	1,000	–

13. Prepayments and debtors: amounts falling due within one year

	2010 £000	2009 £000
Prepayments and accrued income	298	320
Other debtors	1,253	306
Total	1,551	626

14. Cash

	2010 £000	2009 £000
Cash at bank	789	1,955
Total	789	1,955

15. Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	75	306
Tax & social security	294	143
Other creditors	12	11
Accruals	1,071	554
Deferred income	695	785
Total	2,147	1,799

16. Creditors: amounts falling due after one year

	2010 £000	2009 £000
Provision for restoration	169	–
Provision for dilapidations	11	–
Total	180	–

17. Intra government balances

	Debtors: amounts falling due within one year £ 000	Debtors: amounts falling due after more than one year £ 000	Creditors: amounts falling due within one year £ 000	Creditors: amounts falling due after more than one year £ 000
Balances with central government bodies	526	–	1279	–
Balances with local authorities	6	–	243	–
Balances with NHS trusts	–	–	–	–
Balances with public corporations/trading funds	–	–	–	–
Balances with bodies external to government	1,019	–	625	–
At 31 March 2010	1,551	–	2,147	–
At 31 March 2009	626	–	1,799	–

18. Operating leases

The annual commitments under non-cancellable operating leases are shown below, analysed according to expiry date of the leases.

Operating leases:	2010 £000	2009 £000
Land and buildings		
Expiry after 5 years	818	818
Total	818	818
Other		
Expiry within one year	–	2
Expiry after one year but not more than 5 years	13	13
Total other	13	15

19. Capital commitments

At 31 March 2010 there were no outstanding capital commitments (2009 £7k).

20. Analysis of changes in cash flow statement

Analysis of changes in net funds

	Note	2010 £000	2009 £000
Net cash inflow/(outflow) overall		(1,166)	1,199
Cash balance at 1 April		1,955	756
Cash balance at 31 March 2010	14	789	1,955

Reconciliation of operating (deficit)/surplus to operating cash flows

	Note	2010 £000	2009 £000
Net (incoming)/outgoing resources, before other recognised gains and losses		208	96
Interest received		(5)	(35)
Depreciation charge	11	129	93
Impairment of assets		–	21
Cost of capital charge		46	40
(Profit)/loss on write off of fixed asset		–	11
(Increase)/decrease in debtors	13	(925)	424
Increase/(decrease) in creditors	15	348	822
Dilapidations		180	–
Accrued fixed assets adjustment		–	(109)
Net cash inflow / (outflow) from operating activities		(19)	1,363

21. Contingent liabilities

The Design Council Pension Scheme (DCPS), assets and liabilities were transferred to a third party when it was wound up in 2005. While unlikely claims could arise in the future which the Design Council may have to meet, the possible financial effect of any such claims cannot be estimated.

The Design Council could be liable for a possible ‘claw back’ of income should there be an identification of further historical ineligible expenditure of the Design for Business project NE002474A with ONE North East. The financial effect of any such ‘claw back’ cannot be estimated.

The Design Council could be audited in the next four years by the EU on Designing Demand project in the North East and should its procurement/expenditure not be found to be fully compliant with EU guidelines then the Design Council might be liable for ‘claw back’ identified by and sought by the auditors.

22. Taxation

Generally, Corporation Tax is not payable on the charitable activities of the Design Council. However, the Design Council may be liable to Corporation Tax on some of its other income and this is under review, but is not material.

23. Related party transactions

During the financial year the Design Council had various material transactions with BIS, which was regarded as a related party.

DCMS is a co-sponsor for the Design Council although no direct financial support was received in 2009–10.

In addition to this, the Design Council has had various material transactions with other government bodies. In particular the Design Council has carried out work on behalf of the Department of Health and the Home Office as well as Regional Development Agencies. These sources constitute the bulk of restricted income that the Design Council received during 2009–10.

Where Council members, directors or key managerial staff or other related parties have undertaken any material transactions with the Design Council during the year, these are disclosed as appropriate. Two council members were remunerated for undertaking work awarded through proper tender processes.

Professor Obeng's company – Pentacle Limited, was paid £11k, for which we received a reimbursement of £7k from BIS. Sophie Thomas' company – Thomas Mathews worked on the Swintag Project for which the sum of £18k was paid.

A retiring Council Member received a gift to the value of £287 during the year.

24. Financial instruments

Ordinarily the Design Council has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks.

Credit risk

The amounts exposed to credit risk are shown below.

The Design Council's exposure to credit risk is concentrated among a small number of customers, mainly government departments, with whom contracts or agreements are in place. The Design Council expects its ongoing debtor balances to be recovered in full in the ordinary course of events, as customers' past payment histories are satisfactory.

The investment is held with Lloyds TSB.

	2010 £000	2009 £000
Total debtors (excluding prepayments)	1,253	306
Cash at bank and in hand	789	1,955
Investment	1,000	–
Total	3,042	2,261

Liquidity risk

The Design Council is provided with grant-in-aid by BIS for the core working capital of the organisation.

Cash balances are maintained at a reasonable level each month to ensure payment of creditors as they fall due.

Market risk

— Currency risk

The foreign currency risk to the Design Council is minimal as all sales invoices are raised in sterling and very little foreign currency trading is undertaken. All material monetary assets and liabilities are held in sterling.

— Interest rate risk

All cash balances were positive during the reporting period and held in standard current accounts. The investment is held in an interest bearing account.

— Other price risk

The Design Council had no significant other price risk.

25. Fair values

There is no material difference between the book value and fair value of the Design Council's financial assets and liabilities as at 31 March 2010.

26. Post balance sheet events

There was no significant post balance sheet event to report at time of approving the accounts.

These accounts were authorised for issue by the Accounting Officer on 5 July 2010.



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