Invitation to Tender

External Audit Services

Tender Reference: AT2018

28 September 2018
1. **Introduction**

The DPC is a membership organisation, managed by a small team of full time staff and overseen by a Board of Directors appointed from our full members and our primary function is to deliver on behalf of our members. DPC was established in 2002 as a collaboration between a number of agencies operating in the UK and Ireland. The mission of DPC is to enable members to deliver resilient long-term access to digital content and services, helping them to derive enduring value from digital assets and raising awareness of the strategic, cultural and technological challenges they face. This is achieved through advocacy, community engagement, workforce development, capacity-building, good practice and good governance.

DPC require comprehensive external audit services to be in place with effect from 1 August 2019 covering a three-year term initially and invites suitably experienced firms to tender for the provision of these services.

DPC is a not-for-profit company limited by guarantee. The organisation is overseen by an Executive Board with a Representative Council who oversee the delivery of the strategy. There are also four sub-committees: Management & Governance, Workforce Development, Research & Practice, and Advocacy & Communications who support the delivery of each of the strategic strands.

**Funding**

DPC is primarily funded through membership subscriptions with additional income coming from events, training, consultancy and grants.

DPC is not currently VAT registered.

**Staff**

DPC currently employs 7 members of staff who are based between offices in Glasgow and York. An organisation chart is attached.

**Finance Staff**

The Business Manager takes care of the day to day financial operations including payroll. Management accounts are prepared monthly and reviewed with the Executive Director. On a quarterly basis at the Management & Governance sub-committee the management accounts are reviewed in detail against budget and forecast. The Executive Board also review them at their quarterly meetings.

**Accounting Records**

The accounting software currently used by the organisation is Sage 50 with Brightpay for payroll. Supporting documents are prepared in Excel.
Timetable of DPC Audit Year

- Financial year end is 31st July
- Draft Accounts available by end August
- Audit carried out mid-September
- Review and sign off of accounts by M&G sub-committee in October
- Board meeting and AGM in November

Turnover

The turnover for 2016/17 was £397,000 and with significant growth in membership this year, projected income for 2017/18 is £440,000.

Financial Statements

Financial Statements for the year ended 31 July 2017 have been provided.

2. Requirements

The external audit services required will include, but not be limited to:

- The planning, management and execution of the annual external audit for DPC
- Completion of the Annual Report and Financial Statements
- Provision of year-end adjustments for posting to the general ledger, currently Sage
- Reporting on external audit progress to Management and Governance Sub-Committee, including attendance at Sub-Committee and Executive Board meetings as appropriate
- Filing of the accounts with Companies House
- Submission of annual return to HMRC if appropriate
- Provision of advice to DPC Management and Governance Sub-Committee on technical accounting and financial matters
- Liaison and coordination with the Business Manager to ensure full exchange of information.

3. Proposed contract

The contract will be for an initial three-year period commencing on 1 January 2019 and will be subject to annual appointment by the Executive Board.
4. Tender Requirement  
Tenders should include the following information:

- The fee for the first year of the contract period specifying what is included in the charges. Some preparation of the final accounts will be carried out by DPC. Costs should be provided on a per hour basis for any additional advice or services that may be required from time to time;

- An indication of the level of fees that would be charged in the subsequent periods of the contract;

- Details of senior staff such as the Audit Partner and Manager and supporting personnel who would conduct the external audit including the location of staff;

- An explanation of the external audit approach that would be used including the firm’s policy in relation to maintenance of continuity of staff involved in the audit. Details of relevant experience within the sector and the business activities and issues addressed;

- Details of the areas of technical expertise within the firm that can be called on to support the audit team and to provide advice to the Executive Board and management of DPC as required.

- Details of any relevant services that may be appropriate to the needs of DPC;

Shortlisted firms will be invited to meet with the Executive Director, Business Manager and a representative of the Executive Board.

5. Contact details  
For further information or clarification please contact Alyson Campbell, alyson.campbell@dpconline.org or 0141 330 2252.

6. Deadline  
The deadline for responses to this tender is 5pm on Friday 19 October 2018. The Tender Reference should be clearly identifiable on all correspondence (including envelopes and Emails) to ensure that no tenders are opened prior to the deadline and should be sent to:

<table>
<thead>
<tr>
<th>Electronic responses</th>
<th>Address for hard copy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alyson Campbell</td>
<td>Alyson Campbell</td>
</tr>
<tr>
<td><a href="mailto:alyson.campbell@dpconline.org">alyson.campbell@dpconline.org</a></td>
<td>11 University Gardens</td>
</tr>
<tr>
<td></td>
<td>Glasgow</td>
</tr>
<tr>
<td></td>
<td>G12 8QQ</td>
</tr>
</tbody>
</table>
7. Assessment of Tenders

Tenders will be assessed on the following criteria:

- Experience of providing comprehensive external audit services to the not-for-profit sector and demonstrable technical expertise in accounting for charities, commercial companies and groups.

- Experience of advising charitable bodies with similar needs within the last three years and evidence of understanding the challenges and constraints within the sector

- The quality and experience of the proposed external audit team

- The suitability of the audit approach

- The ability to provide the services required including audit and accounting advice where necessary.

- The ability to provide local support to the Glasgow based office.

- The firm’s approach to customer service, quality assurance and environmental considerations.

- Value for money, particularly the added value that the audit process will bring to the organisation.
Digital Preservation Coalition

(Limited By Guarantee)

Annual Report And Financial Statements

For The Year Ended 31 July 2017
DIGITAL PRESERVATION COALITION  
(LIMITED BY GUARANTEE)  
COMPANY INFORMATION

Directors  
Dr J Bicarregui  
Mrs H Stanley  
Mr K G Ashley  
Ms L M Mitchell  
Mrs M E Pennock  
Ms S E Corrigan  
Ms R M Bruce  
Ms T V Clarke  
Ms B H I Sisk  
Ms J I Deserno  
Mr S J Tucker  
Ms L R Williams  
Ms M C Garayoa  
Mr J L Sheridan  
Ms C L C Tunstall  
Professor J F Winters  
Mr W J U Nixon  
Ms E A Emmerson  
Mr T L Pham  
Miss H Smericka  
Dr B M Outhwaite  
Mr S D Lewis  
Mrs S McInnes  
(Appointed 25 August 2017)  
(Appointed 15 August 2017)  
(Appointed 21 April 2017)  
(Appointed 14 November 2016)  
(Appointed 14 November 2016)  

Secretary  
Dr W Kilbride

Company number  
04492292

Registered office  
Arabesque House  
Monks Cross Drive  
York  
YO32 9GW

Auditor  
Garbutt & Elliott Audit Limited  
Arabesque House  
Monks Cross Drive  
York  
YO32 9GW
<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
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<td>Directors' responsibilities statement</td>
<td>3</td>
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<td>Independent auditor's report</td>
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<td>Statement of comprehensive income</td>
<td>6</td>
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<td>Balance sheet</td>
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<td>Statement of changes in equity</td>
<td>8</td>
</tr>
<tr>
<td>Notes to the financial statements</td>
<td>9 - 13</td>
</tr>
</tbody>
</table>
DIGITAL PRESERVATION COALITION
(LIMITED BY GUARANTEE)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2017

The directors present their annual report and financial statements for the year ended 31 July 2017.

The year end 31 July 2017 is the company's first year in which it has complied with the requirements of FRS 102. No transitional adjustments arose for the transition to this new accounting standard.

Principal activities
The aim of the Digital Preservation Coalition is to secure the preservation of digital resources in the UK and to work with others internationally to secure our global digital memory and knowledge base.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr J Bicarregui
Mrs H Stanley
Mr K G Ashley
Ms L M Mitchell
Mrs M E Pennock
Ms S E Corrigall
Ms R M Bruce
Ms T V Clarke
Ms B H I Sisk
Ms J I Deserno
Mr S J Tucker
Ms L R Williams
Ms M C Garayoa
Mr J L Sheridan
Ms C L C Tunstall
Professor J F Winters
Mr W J U Nixon
Ms E A Emmerson
Mr T L Pham
Miss H Smerecka
Dr B M Outhwaite
Mr S D Lewis
Mr G A Young
Mrs S McInnes
Ms A M Archer

(Appointed 25 August 2017)
(Appointed 15 August 2017)
(Appointed 21 April 2017)
(Appointed 14 November 2016)
(Appointed 14 November 2016)
(Appointed 14 November 2016)
(Resigned 14 November 2016)
(Resigned 14 November 2016)

Auditor
The auditor, Garbutt & Elliott Audit Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board

[Signature]

Dr W Kilbride

Secretary

Date: 14/12/2017
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors 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 surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 directors are 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 them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
Opinion
We have audited the financial statements of Digital Preservation Coalition (the ‘company’) for the year ended 31 July 2017 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
• give a true and fair view of the state of the company’s affairs as at 31 July 2017 and of its deficit 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.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
• the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
• the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our 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.
DIGITAL PRESERVATION COALITION
(LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF DIGITAL PRESERVATION COALITION

Matters on which we are required to report by exception
In the light of the 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 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.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: http://www.frc.org.uk/auditorresponsibilities. This description forms part of our auditor's report.

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.

Garbutt & Elliott Audit Ltd.

Alan Sidebottom (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott Audit Limited

Chartered Accountants
Statutory Auditor

Arabesque House
Monks Cross Drive
York
YO32 9GW
## Digital Preservation Coalition

**Statement of Comprehensive Income**

*For the year ended 31 July 2017*

<table>
<thead>
<tr>
<th></th>
<th>2017 £</th>
<th>2016 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>397,121</td>
<td>406,654</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(7,168)</td>
<td>(77,141)</td>
</tr>
<tr>
<td><strong>Gross surplus</strong></td>
<td>389,953</td>
<td>329,513</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(414,552)</td>
<td>(374,222)</td>
</tr>
<tr>
<td><strong>Operating deficit</strong></td>
<td>(24,599)</td>
<td>(44,709)</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td><strong>Deficit before taxation</strong></td>
<td>(24,594)</td>
<td>(44,708)</td>
</tr>
<tr>
<td>Tax on deficit</td>
<td>-</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Deficit for the financial year</strong></td>
<td>(24,594)</td>
<td>(44,710)</td>
</tr>
<tr>
<td>Notes</td>
<td>2017</td>
<td>£</td>
</tr>
<tr>
<td>-------</td>
<td>------</td>
<td>----</td>
</tr>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>4</td>
<td>4,770</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>5</td>
<td>34,463</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>203,655</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>6</td>
<td>238,118</td>
</tr>
<tr>
<td></td>
<td>(113,385)</td>
<td>(117,233)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td>124,733</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td></td>
<td>129,503</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other reserves</td>
<td></td>
<td>114,208</td>
</tr>
<tr>
<td>Income and expenditure account</td>
<td></td>
<td>15,295</td>
</tr>
<tr>
<td>Members' funds</td>
<td></td>
<td>129,503</td>
</tr>
</tbody>
</table>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 14/12/17 and are signed on its behalf by:

Ms L M Mitchell
Director

Company Registration No. 04492292
## Digital Preservation Coalition (Limited by Guarantee)
### Statement of Changes in Equity
#### For the Year Ended 31 July 2017

<table>
<thead>
<tr>
<th></th>
<th>Other Income and reserves expenditure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(see below)</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 1 August 2015</strong></td>
<td>106,818</td>
<td>91,989</td>
</tr>
<tr>
<td><strong>Year ended 31 July 2016:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss and total comprehensive income for the year</td>
<td>-</td>
<td>(44,710)</td>
</tr>
<tr>
<td>Transfers</td>
<td>(323)</td>
<td>323</td>
</tr>
<tr>
<td><strong>Balance at 31 July 2016</strong></td>
<td>106,495</td>
<td>47,602</td>
</tr>
<tr>
<td><strong>Year ended 31 July 2017:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss and total comprehensive income for the year</td>
<td>-</td>
<td>(24,594)</td>
</tr>
<tr>
<td>Transfers</td>
<td>7,713</td>
<td>(7,713)</td>
</tr>
<tr>
<td><strong>Balance at 31 July 2017</strong></td>
<td>114,208</td>
<td>15,295</td>
</tr>
</tbody>
</table>

Other reserves is a reserve provided for by the Articles of Association.
DIGITAL PRESERVATION COALITION  
(LIMITED BY GUARANTEE)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2017

1  Accounting policies

Company information
Digital Preservation Coalition is a private company limited by guarantee incorporated in England and Wales. The registered office is Arabesque House, Monks Cross Drive, York, YO32 9GW.

1.1 Accounting convention
These financial statements have been prepared in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 July 2017 are the first financial statements of Digital Preservation Coalition prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 August 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income and expenditure
Income and expenses are included in the financial statements as they become receivable or due.

Expenses include irrecoverable VAT where applicable.

1.4 Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings and equipment  20% straight line
Computer equipment  33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

1.5 Impairment of fixed assets
At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).
1 Accounting policies

(Continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company’s balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.
1 Accounting policies (Continued)

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company’s contractual obligations expire or are discharged or cancelled.

1.8 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits
The company contributes to the private pension scheme of its employees. Contributions payable are charged to the income and expenditure account in the year they are payable.

1.10 Leases
Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.11 Government grants
Grants are credited to deferred revenue. Grants towards revenue expenditure are released to the income and expenditure account as the related expenditure is incurred.
2 Operating deficit

Operating deficit for the year is stated after charging:

Fees payable to the company's auditor for the audit of the company's financial statements

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Fees</td>
<td>3,180</td>
<td>3,090</td>
</tr>
</tbody>
</table>

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 6 (2016 - 7).

4 Tangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>Plant and machinery etc</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2016</td>
<td>20,987</td>
</tr>
<tr>
<td>Additions</td>
<td>1,773</td>
</tr>
<tr>
<td><strong>At 31 July 2017</strong></td>
<td>22,760</td>
</tr>
<tr>
<td><strong>Depreciation and impairment</strong></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2016</td>
<td>14,539</td>
</tr>
<tr>
<td>Depreciation charged in the year</td>
<td>3,451</td>
</tr>
<tr>
<td><strong>At 31 July 2017</strong></td>
<td>17,990</td>
</tr>
<tr>
<td><strong>Carrying amount</strong></td>
<td></td>
</tr>
<tr>
<td>At 31 July 2017</td>
<td>4,770</td>
</tr>
<tr>
<td>At 31 July 2016</td>
<td>6,448</td>
</tr>
</tbody>
</table>

5 Debtors

Amounts falling due within one year:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>19,000</td>
<td>31,825</td>
</tr>
<tr>
<td>Other debtors</td>
<td>15,463</td>
<td>8,660</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34,463</td>
<td>40,485</td>
</tr>
</tbody>
</table>

- 12 -
6  Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>£2,342</td>
<td>£2,992</td>
</tr>
<tr>
<td>Other taxation and social security</td>
<td>£6,515</td>
<td>£7,153</td>
</tr>
<tr>
<td>Other creditors</td>
<td>£104,528</td>
<td>£107,088</td>
</tr>
<tr>
<td></td>
<td>£113,385</td>
<td>£117,233</td>
</tr>
</tbody>
</table>

7  Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£7,790</td>
<td>£12,710</td>
</tr>
</tbody>
</table>

8  Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.
Digital Preservation Coalition

(Limited By Guarantee)

Management Information

For The Year Ended 31 July 2017
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>304,673</td>
<td>269,083</td>
</tr>
<tr>
<td>Events income</td>
<td>6,925</td>
<td>5,197</td>
</tr>
<tr>
<td>Grants</td>
<td></td>
<td>8,898</td>
</tr>
<tr>
<td>Minor project income</td>
<td>63,420</td>
<td>123,476</td>
</tr>
<tr>
<td>DP awards</td>
<td>14,750</td>
<td>-</td>
</tr>
<tr>
<td>Commercial supporters</td>
<td>7,083</td>
<td>-</td>
</tr>
<tr>
<td>Sundry income</td>
<td>270</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>397,121</td>
<td>406,654</td>
</tr>
<tr>
<td>E-Ark project costs</td>
<td>7,168</td>
<td>6,885</td>
</tr>
<tr>
<td>Minor project costs</td>
<td>-</td>
<td>56,084</td>
</tr>
<tr>
<td>Irrecoverable grant income</td>
<td>-</td>
<td>14,172</td>
</tr>
<tr>
<td><strong>Gross surplus</strong></td>
<td>(7,168)</td>
<td>(77,141)</td>
</tr>
<tr>
<td><strong>Gross surplus</strong></td>
<td>98.20%</td>
<td>81.03%</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>(414,552)</td>
<td>(374,222)</td>
</tr>
<tr>
<td><strong>Operating deficit</strong></td>
<td>(24,599)</td>
<td>(44,709)</td>
</tr>
<tr>
<td><strong>Investment revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank interest received</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td><strong>Deficit before taxation</strong></td>
<td>(24,594)</td>
<td>(44,709)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>251,620</td>
<td>236,468</td>
</tr>
<tr>
<td>Social security costs</td>
<td>23,409</td>
<td>19,732</td>
</tr>
<tr>
<td>Staff training</td>
<td>2,744</td>
<td>-</td>
</tr>
<tr>
<td>Staff pension costs</td>
<td>39,357</td>
<td>43,178</td>
</tr>
<tr>
<td>Wages taken to projects</td>
<td>(5,533)</td>
<td>(19,346)</td>
</tr>
<tr>
<td>Rent</td>
<td>6,397</td>
<td>8,146</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>34</td>
<td>(160)</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,626</td>
<td>1,189</td>
</tr>
<tr>
<td>Computer costs</td>
<td>3,503</td>
<td>2,907</td>
</tr>
<tr>
<td>Travelling expenses</td>
<td>29,841</td>
<td>30,309</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td>5,390</td>
<td>7,092</td>
</tr>
<tr>
<td>Accountancy</td>
<td>1,744</td>
<td>1,969</td>
</tr>
<tr>
<td>Audit fees</td>
<td>3,180</td>
<td>3,090</td>
</tr>
<tr>
<td>Bank charges</td>
<td>510</td>
<td>822</td>
</tr>
<tr>
<td>Printing, postage and stationery</td>
<td>229</td>
<td>668</td>
</tr>
<tr>
<td>Member publications</td>
<td>1,807</td>
<td>3,236</td>
</tr>
<tr>
<td>Website costs</td>
<td>4,452</td>
<td>10,342</td>
</tr>
<tr>
<td>Leadership programme</td>
<td>8,918</td>
<td>8,601</td>
</tr>
<tr>
<td>DP awards</td>
<td>14,301</td>
<td>959</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>240</td>
<td>347</td>
</tr>
<tr>
<td>Member events</td>
<td>17,442</td>
<td>11,758</td>
</tr>
<tr>
<td>Sundry expenses</td>
<td>790</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,451</td>
<td>2,915</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>414,552</td>
<td>374,222</td>
</tr>
</tbody>
</table>