society of dyers and colourists

The Society of Dyers & Colourists (SDC)

Trustees' Annual Report &

Financial Statements

For the Year ended 31st December 2015

Charity Number 212331

Royal Charter Number RC000567

A Chartered Society since 1963

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Trustees' Annual Report

The trustees present their report together with the financial statements of the charity for the year ended 31 December 2015. The trustees of the SDC are of the view that the funds and assets have been prudently managed and effectively applied during the year, solely in furtherance of the agreed objectives, with financial performance continually under review against these. Trustees on the SDC Board of Trustee are satisfied that the financial policies and plans presently being applied are relevant, appropriate and adequate to support and sustain the charitable activities of the SDC and that the objectives for the year 2015 have been achieved.

2015 saw several challenges, but also increased engagement with both members and non-SDC members, albeit with pressure on reserves and growth in investments. The trading subsidiary, SDC Enterprises Ltd, however had a good year and enters 2016 with diversification and growth in the acquisition of Sam Weller Ltd. The SDC also made ground plans for changes and improvements to overseas activities by activating its long dormant wholly owned subsidiary and naming it SDC International Ltd. Again the effects of this will be seen in 2016.

Honorary Officers

President	R Straughan (Retired at the AGM 2015)
President	D McKelvey (Appointed AGM 2015)
Immediate Past President	R Straughan (with effect from AGM 2015)
President-elect	T Larkins (Appointed AGM 2015)
Honorary Secretary	S Bolton (Appointed AGM 2013)
Honorary Treasurer	P Flesher (Retired at the AGM 2015)
Honorary Treasurer	J Hansford (Appointed by Board 19th May 2015 until AGM 2016)

Trustees during 2015

D Bamford - appointed AGM 2015 for 2 years
M Bentham (resigned AGM 2016)
R Fulton - appointed AGM 2015 for 3 years (resigned January 2016)
D Heywood - appointed AGM 2015 for 3 years
L Lin – appointed AGM 2015 for 2 years
S McCaffrey – appointed AGM 2015 for 2 years
J Morris – appointed AGM 2015 for 3 years
U Nimkar (retires by rotation AGM 2016)
G Rudkin (retires by rotation AGM 2017)
E Straughan (retired by rotation AGM 2015)

Co-opted Board Members during 2015-16

C Kendall – appointed by Board (19th May 2015) until AGM 2016
T Lambourne - appointed by Board (19th May 2015) until AGM 2016
S Ngai - appointed by Board (19th May 2015) until AGM 2016

Chief Executive Officer

G Clayton

Principal Office

Perkin House, Longlands Street, Bradford, BD1 2LU

Auditor

BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

Bankers

National Westminster Bank plc, 7 Hustlergate, Bradford, BD1 4DY

Investment Managers

Brewin Dolphin Securities Limited, 10 Wellington Place, Leeds, LS1 4AN

Governance

The SDC is a charitable body, incorporated by Royal Charter (RC000567) with the governing documents being the Royal Charter (1963) with Amendments, By-laws (2009) and Rules (2012, 2014 and 2015 as amended). These documents are available for public access on the SDC website at http://www.sdc.org.uk/about-us/governance/

Charitable Objectives

The SDC was established in 1884 to advance the science of colour. The SDC achieves this aim by global dissemination of colour knowledge to members, industry and the public, via publications of scientific papers, lectures and e-media. The charitable objectives are contained with the Royal Charter of 1963 and are:

a) To promote the advancement of technology both in the theory and in the practice of the creation and use of colour and colouring matters
b) To provide means for the wider dissemination and interchange of knowledge concerning the science and technology of colour and colouring matters including knowledge of the application to substrates and of the materials to which they may be applied
c) To encourage education and research in all and any subjects concerned with the science of colour
d) To hold meetings for the reading of papers and giving of lectures on coloration and colouring matters and for discussion of the same
e) To publish scientific literature and a monthly journal for the promotion and correlation of knowledge of the science of colour
f) To initiate and stimulate research and education in the interests of coloration in all aspects of human life
g) To co-operate with other scientific organisations and bodies in relation to colour and its application and use
h) To acquire by purchase, devise, bequest, donation or otherwise lands and heriditatments of any description and tenure and to accept any gift, endowment or bequest and the office of trustee and to carry out any trusts attached to any such gift, endowment or bequest or attached to such office
i) To do all such lawful things as are incidental or conducive to the attainment of the above objects or any of them.

Structure

The Trustee Board is the Governing Body of the Charity with up to nine trustees elected from among the Voting Members of the Charity by the Voting Members (Rule 102). The Chief Executive Officer, the Honorary Treasurer and the Honorary Secretary are also entitled to attend meetings of the Trustee Board (By-law 36.2), which may also co-opt a maximum of three members (Rule 109 & By-law 36.2). Only trustees shall take part in any vote of the Trustee Board, a quorum of which is six voting members (Rule 120). At the Board of Trustees meeting 22nd March 2016 it was agreed that the quorum should be reduced to 5 until the AGM 2016 due to trustee vacancies. Minutes of the Board of Trustees meetings are made available to members via the Members area of the SDC website (Rule 119).

The SDC President at the start of the year was R Straughan until the 2015 AGM and then was succeeded by D McKelvey, who was appointed at the AGM in 2015. A President-elect in T Larkins was appointed at the 2015 AGM.

The Audit Committee comprises (By-law 37) the Honorary Secretary, the Honorary Treasurer, the President, the President-elect, the Immediate Past President and four elected members (Rule 131). It reports to the SDC Board and monitors compliance of all activities related to the Royal Charter, By-laws, agreed policies and strategies.

The Nominations Committee (By-law 38 & Rule 132) comprises the Chairman of the Trustee Board, the Honorary Secretary, the Honorary Treasurer and Voting Members representing UK members, members from outside the UK, the Committees and the Regions. The Nominations Committee also ensures the procedure for the appointment of trustees, honorary officers and members of the Audit and Nominations Committees is rigorous and transparent (Rule 132).

The finances of the SDC are the responsibility of the Trustee Board (Rule 55) and the Trustee Board appoints a Finance Committee, chaired by the Honorary Treasurer, to manage the SDC's finances (Rule 56). The composition of the Finance Committee and it's appointment is made annually by the Trustee Board (Rule 57) at their first meeting after the AGM.

The SDC's other committees report to the Trustee Board and the Chief Executive and develop, direct and monitor the charity's activities in accordance with its' Charitable Objectives. The SDC has four active UK and four active overseas member based regions. The SDC's day-to-day operational activity is managed by the Chief Executive Officer with a complement of appropriately skilled staff under the CEO's management.

Trustees are advised of their responsibilities under charity and company law, the requirements of the Royal Charter, By-laws and SDC Rules. Formal training of trustees is made available periodically.

SDC Performance

Mission
Educating the changing world in the science of colour.

Objectives
The objectives of the SDC for 2015 were to:

1) To Educate in the field of colour and the science of coloration

2) To Focus the SDC activity on continuously improving delivery to SDC members and the wider colour community

3) To Include all staff, members, collaborators and interested parties as appropriate in the SDC developments

4) To Increase the reach of the SDC to deliver its' services to a wider and growing Colour constituency globally

5) To Build and deliver a sustainable business model – growing in a focused and efficient manner.

Public benefit

The SDC public benefit arises from a wide range of events and activities provided in order for the public to gain greater knowledge of colour:

- Days of Colour
- The SDC website and associated Knowledge Vault
- Bursaries and grants
- The Colour Experience including incoming and external visits
- Lectures, seminars and conference presentations on colour
- Colour training courses
- Colour products such as the STEM (Science, Technology, Engineering & Mathematics) Dyes kit
- Provision of the Secretariat to the BSI (British Standards Institution) Technical Committee, TCI81, for colour fastness of textiles and colour communication thus supporting all industries for colour and textiles
- Supporting the provision of the Secretariat for the International Standards Organisation Technical Committee, ISO TC 38 SC1, for colour fastness and colour measurement of textiles, for global standardisation.

The SDC provides benefit to the public and to its members. The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The public benefit has also been a feature of trustee and interested party training on governance provided by a charity governance lawyer and charity accountant.

SDC Operations for 2015

For 2015 the SDC Board of Trustees agreed the Business Plan at their March 2015 meeting. The Business Plan saw staff utilised around areas of scope, which comprised the SDC activity in 2015 and enabled Focus, Inclusion, Effectiveness & Collaboration. The ten areas of scope were: Day of Celebration 2015; Education, Training & Qualifications; Events including regional; Strengthening the Colour Experience; Competitions; Colour Index™; Publications and Products; Perkin House Establishment Utilisation; Standards Committees; and Governance.

At the start of 2014 the SDC replaced the Exchequer financial management software with Sage 50 Financials. Its introduction updated the financial management within the SDC, streamlining the nominal code population and bringing in, for 2015, in house generation of management accounts. The impact of the changes to the financial systems has been reduced cost as well as greater transparency and clarity. During 2015 this has enabled further cost reductions and informed management and governance.

Data security has been, and will continue to be, a key issue and user information is protected. In addition to protecting such information the SDC does not supply any individual's information to others unless it is for a specific SDC purpose (e.g. the print / mailing house for fulfilment of *The Colourist* printing and mailings).

In mid-2013 the SDC introduced the ability to pay for goods and membership online via PayPal. This was adopted by end users quite rapidly and by the end of 2013 over £11,000 had been received by this route. In 2014 this had risen to ca £20,000 and in 2015 income via this route rose further to over £28,000. Payments made this way cost less to process and cost less in staff time, plus provide data updates with much less effort and greater speed to the SDC finance and CRM systems as well as to

members and customers. Credit/Debit cards also reduce bank costs as does the use of BACS payments by the SDC. In 2015 the SDC use of cheques was reduced to less than ten, further reducing costs and improving financial security. In 2016 the SDC will update the Direct Debit handling system it utilises to make it more efficient and better suited to handle the SDC member and customer needs.

Related Parties - the SDC Trading Companies

SDC Enterprises Limited (Company no: 04309966)

These notes have been produced to address points 53, 55 and 57 of the SORP (2015) reporting requirements as they relate to SDC Enterprises Limited ("SDCE"/"Enterprises") as a subsidiary of The Society of Dyers and Colourists.

53) Achievements and Performance
55) Financial Review
57) Plans for Future Periods

Enterprises delivered a very strong performance throughout 2015. The total contribution of funds to the Society was 17% ahead of budget, an increase of 22% over 2014. In addition to increasing the level of funding provided to the Society, Enterprises performance allowed it to retain sufficient profit to meet its growing requirement for working capital, and to invest in the company's long-term strategic ambitions.

The strong performance can be attributed mainly to a growth in sales, due to favourable market conditions. This volume growth was achieved without making sacrifices to unit prices. This, combined with developments to internal process and product improvements, improved slightly the net profit margins - going against the trend of previous years. Whilst SDCE will seek to consolidate these gains it is prudent to expect that market conditions are unlikely to be as conducive in 2016.

New product development slowed markedly during the period as Enterprises exhausted the areas with significant commercial potential for their traditional technology. One positive exception was the introduction of a new Multifibre fabric, containing a Silk yarn, developed for a major European brand.

A considerable amount of time was spent by Enterprises Board developing further the company's growth strategy to include diversification through acquisition. A suitable acquisition was identified and qualified, through independent legal and financial due diligence, and the deal was completed on 8th February 2016. The smooth and successful integration of the operations of Sam Weller Ltd into SDCE will clearly be a major feature of 2016, but not at the expense of the SDCE's traditional products and markets.

Linked with the third party financing of the acquisition process, Enterprises provided the Society with a five year forecast for its income from the new trading group. Whilst this income may be restricted in the medium-term, to cover loan repayments and financing costs, Enterprises are very confident that their acquisition will reduce the Society's over-exposure to a single source of commercial income. In addition to this improvement in financial sustainability, the acquisition greatly enhances the opportunities for growth available to SDCE.

SDC International Ltd

The SDC also has another registered but dormant, wholly owned subsidiary company, SDC Global Enterprises Ltd. Registered on 24th October 2001 under company number 04309970 this company has no accounts produced or transactions. The required information is kept up to date with Companies House. The SDC Board agreed to rename this company SDC International Ltd, which

came into effect from August 2015. The subsidiary has yet to trade and as such is still dormant but will be active starting in 2016, initially to facilitate SDC activity in India and the ASEAN Region.

Charity Financial Activity

The Finance Committee and Trustee Board monitored the financial activities of the charity in 2015 monthly via Management Accounts, prepared in house. These reports compare actual results with the approved budget and prior year. The Finance Committee and Trustees take appropriate action as necessary.

Over the year the charity's net movement in funds was downward by £21,898, whilst the consolidated balance sheet saw a net movement of funds upwards by £341,040. Overall incoming resources for the year 2015 rose by £193,599 whilst expenditure fell by £5,207.

In 2015 attention was particularly made in the Charity to reducing unnecessary and unproductive costs with an overall further 3.5% reduction in costs compared to 2014. The payroll costs of the charity fell in 2015 by £21,085 (some 4%) excluding redundancy costs in 2014. Investment gains of £23,895 in 2014 however changed to investments losses of £4,191 in 2015 (a total difference of £28,086).

Perkin House rental income rose from mid-2015 with new tenants, bringing a near 15% annual rise in income. This will contribute further income across the full year with further tenants in 2016 already. Membership income and subscriptions to the Colour Index™ also rose in 2015. Books, both academic and the Malcolm the Weaver titles, showed strong income growth (4.4x and 4.0x 2014 income respectively).

SDC Enterprises Ltd performed above expectations in 2015. As reported above they were able to contribute funds to the SDC at a level of 17% ahead of budget whilst also prudently retaining monies to ensure future company strength and return to the SDC through the acquisition of Sam Weller Ltd which was completed in January 2016.

Review of Activities

The SDC has published *Engaging with Colour 2014-15* and is soon publishing the follow up *Engaging with Colour 2015-16*. These documents are both reviews ***and*** forward looking documents. They are available electronically, free of charge, to anyone, on the SDC website or by request. Additional information can also be obtained from the SDC's quarterly publication *The Colourist* and by reference to the SDC website.

Publications

Coloration Technology, the SDC academic journal published in conjunction with Wiley, received 205 submissions (200 in 2014) and had 498 (492 in 2014) pages published. China was the largest source of submissions (23%) in 2015, with the acceptance rate rising to 32%. In mid-2015 it was announced that the Impact Factor had risen once more from 1.173 to 1.262, the highest ever for the journal. Over 38,000 full text downloads were performed via the website. The SDC is very grateful to Wiley for its assistance in terms of both resources and expertise.

One new book was published in 2015 in collaboration with a member of the SDC, Malcolm Campbell. It was a children's book based on a character called *Malcolm the Weaver*. Launched at the 2014 Day of Celebration the book generated income during 2014 which more than covered the print costs and which provided impetus for the second two-story book entitled *The rainbow that mixed colours* and *The moon that shone dark*. The SDC were particularly grateful for a growing number of companies who sponsored copies of the book for their local schools in order to raise the profile of colour with

young children. A further 'two story' book is being launched in 2016 and more sponsorship of books for schools by companies is being sought.

The usual four issues of *The Colourist* were produced and these include the annual Chartered Colourist listing and details of new members. Back issues of these are available to SDC members in the members' area of the SDC website.

Training

Several income generating SDC training courses were held in 2015 in the following countries, either by in-house SDC personnel or via SDC training partners: Hong Kong, China, India, Bangladesh, Pakistan and the UK. These courses include Colour Management (3 Modules), Colour Fastness and bespoke courses for specific company needs.

Bursaries

The SDC Bursary scheme has seen a growth in interest. The main two current funding streams are:

A. Main Bursary (Up to £500) For undergraduate and postgraduate students on a relevant course (e.g. Colour Chemistry, Fashion & Design, Textiles)
B. ASDC Bursary (Up to £250) For students registered for the ASDC examinations.

Details on how to apply for the standard bursaries are provided on the SDC website (under Education and Bursaries) along with closing dates and applications are assessed by a Working Group of the SDC Education, Qualifications and Accreditation Board (EQAB). This Working Group was set up as the number of applications had risen sharply. The assessment of such a large number of applications is onerous for volunteers and the formation of a Working Group also made reaching a consensus on the awards a simpler process. Promotion is undertaken via social media (Facebook, Twitter, LinkedIn) as well as direct communications to students and tutors. In 2015 the SDC made 11 awards (2014 13) totalling £4,910 (2014 £3,700). Altogether 73 applications from 25 different universities were assessed.

In 2015 the SDC Board also agreed a one year pilot scheme to support up to three students on a Colour orientated MSc course at the University of Leeds. This pilot scheme will be fully evaluated on completion of the MSc course in 2016.

Textile Coloration Certificate

This course was specifically designed by the SDC with support from the SDC Education, Qualifications and Accreditation Board and generous financial and insight support from the Worshipful Company of Dyers. The course runs over 2-3 years, and is split into two stages. Stage 1 is primarily concerned with giving candidates a grounding in organic chemistry related to textile substrates and dyes. Stage 2 takes the candidate further, highlighting the chemistry and application of dyes and the interactions with textile substrates. There are additional modules that address Textile Chemistry, Colour Physics, Dyeing Theory and Printing. The course places an emphasis on the candidates 'learning to learn' as much as the learning itself. The content is challenging, and encourages self-motivation, learning and planning – all skills necessary for a working life. The course is delivered via on line training and residential sessions.

In 2015 there were 2 stages taught concurrently. 12 students (2014 14) from 7 UK Companies (2014 13) attended the course which covered 5 modules in 50 teaching hours and which also included 56 hours on residential sessions.

Two students continue to be funded through the Livery Company Apprenticeship Scheme.

Qualifications (ASDC, CCol, FSDC)
The award of Associateship (ASDC) by the SDC continues to be valued in the industry whether through the examination route or through exemption. The award of Chartered Colourist (CCol) is now separated and applications are possible 2 years after an applicant has received their ASDC.

In examinations there were 23 candidates (2014 33) who completed a total of 106 papers which were all assessed by the Education, Qualifications and Accreditation Board prior to the exams and after the examinations for marking. 2015 saw a more focused method of questions. All examinations were held at British Council venues to provide confidence in the integrity of the examination process.

The highest mark in any paper was 84% (2014 78%) but unfortunately the overall results were down on 2014 and EQAB did not feel able to award the Presidents Diploma of Honour.

- 10 Associateships were awarded through the exemption route.
- 6 members applied and received Chartered Colourist (CCol) status having been awarded ASDC 2 years previously.
- 2 Fellowships were awarded in 2015.

Colour Experience Educational sessions
At Perkin House (2014 data in brackets) the Colour Experience held 32 events (41) for 1,040 beneficiaries (887). Outreach events numbered 95 (17) and reached 13,166 (4,054) individuals. This was in 2015 to a large extent, 6,000 individuals, due to work by the Colour Experience in Beijing for the China Fashion and Color Association, but there is also an underlying growth. SDC Member events numbered 4 (5) and a reduced number of participants at 146 (302). On the other hand teacher training events grew in number to 5 (4) and reached 148 (58). Community and Specialist Interest Groups engagement events fell to 9 (12) and reached 338 (379). Overall the number of beneficiaries rose in 2015 by 9,158 to 14,838 (or by 161%) and was a further rise in total beneficiary numbers from the 4,590 of 2013.

The SDC is very grateful once more for the generous support by the Cotton Industry War Memorial Trust so that school pupils can visit the Colour Experience. The Colour Experience also has a number of volunteers assisting their work throughout the year and we are very grateful for their time and commitment too. Several Bradford College students also spend time at the Colour Experience each year as part of their placements which benefits both their education and training as well as the Colour Experience. We are very grateful to them for their input and assistance and wish them well with their careers.

Colour Index™
The Colour Index™ is known worldwide and is used by many people in many different roles from research to production, to manufacture, to legislation. Many Colour Index™ users are significantly outside the traditional textile manufacturing and dye house traditional SDC sectors. Significant changes were made to the Colour Index™ functionality in 2014 enabling future development of this product during 2015.

In 2015 the C.I. saw product submissions from 10 companies, 6 of which were companies registering their first products with us. All 6 of these new registrants came through the China Dyestuffs Industry

Association (CDIA) as part of an agreement to encourage more Chinese manufacturers to register with the C.I.

These 10 companies were: Dominion Colour Corporation (Canada); Jiangsu Zhijiang Co., Ltd. (via CDIA) (China); Shandong Wuyang Chemical Co., Ltd. (via CDIA) (China); Shanxi Qingshan Chemical Industry Co., Ltd. (via CDIA) (China); Taizhou Qianjin Chemical Co., Ltd. (via CDIA) (China); Tianjin DEK Chemicals Co., Ltd. (via CDIA) (China); Toyocolor Co., Ltd. (Japan); Zhejiang Jihua Group Co., Ltd. (via CDIA) (China); Zhejiang Runtu Co., Ltd. (via CDIA) (China); and Zhejiang Strong-light Chemical Co., Ltd. (via CDIA) (China).

Overall there are 544 companies in the Colour Index™. We believe 402 of these are currently trading and have had confirmation that 142 of them are no longer trading. These 142 can now be found under 'Historical Data' in the C.I.

Submitted products

In 2015, 58 products were submitted by the 10 companies detailed above. Zhejiang Strong-light Chemical Co. registered 7 reactive dyes, building on the 28 reactive dyes that they registered last year. Zhejiang Runtu Co. registered 25 disperse dyes with us while Zhejiang Jihua Group and Jiangsu Zhijiang Co. both registered two disperse dyes each. Taizhou Qianjin Chemical Co. registered 6 reactive dyes, Shandong Wuyang Chemical Co. registered 10 direct dyes, Tianjin DEK Chemicals registered one reactive dye, Shanxi Qingshan Chemical Industry Co. registered two fluorescent dyes, Toyocolor Co. registered two pigments and Dominion Colour Corp. registered one pigment.

Products assigned new Colour Index™ Constitution Numbers

In 2015 there were 5 new Colour Index™ Constitution Numbers assigned. The products that they were assigned to were DCC Orange ORS from Dominion Colour Corporation, Optlion Green 8880 from Toyocolor Co., Reactive Yellow GR from Tianjin DEK Chemicals Co., Disperse Violet 152:1 from Zhejiang Jihua Group Co., Disperse Orange SE-RH from Zhejiang Runtu and a component of Disperse Blue 205 required a new Generic Name which was registered by Zhejiang Runtu as Disperse Blue 3GR.

Overview of entries edited

Throughout 2015 there have been an estimated 4,684 Fingerprints, Commercial Names and Companies edited in the Colour Index™. These edits are necessary to keep the Colour Index as up-to update as possible. Some of these edits will be the result of us checking with companies that we still have their correct business address and contact details. Some alterations will be at the request of a manufacturer that wishes to list a product as no longer available as they've ceased production and some will be simply filling old gaps in the information (e.g. noticing a missing Shade field in Pigment Blue 29). At just 20 minutes applies per entry change these 4,684 edits require a full time person year alone and many edits take considerably longer to achieve with input from the Colour Index Pigment and Solvent Dyes Editorial Board also.

This year we have also made a concerted effort to standardise how we display metal salt structures on the Colour Index™. These metal salts are often shown by a suffix on the end of a CICN. Currently the only way to change how these salts are represented is by editing each individual diagram of a chemical structure. This is a time consuming process and so far around 530 structures have been corrected to show this standardised format. There are currently around 1000 structures left to correct to complete this process. In addition, though just the structure is being updated there are

many commercial names registered under these Constitution Numbers and each of them is effectively made more accurate by this structure correction.

Standards

SDC's active involvement with BSI standards ensured their continued relevance, accuracy and usability, based on sound scientific knowledge for the benefit of the supply chain. The areas covered including flammability, chemical testing and care labelling. The SDC provided the Secretariat to the BSI technical committee for colour fastness of textiles and colour communication thus supporting all UK industries for colour and textiles.

British Standards Institution Technical Committees – SDC representatives

STI/14	Colour Measurement & Schedules	M R Luo
TCI/24	Physical Testing of Textiles	G Sond
TCI/80	Chemical Testing of Textiles	A Filarowski
TCI/81	Colour Fastness & Colour Measurement of Textiles	M Yare
TCI/82	Textile Care Labelling	A Filarowski
TCI/69	Footwear, Leather and Coated Fabrics	M Yare

B Woolley is the joint secretary with China of ISO TC38 SC1 Colour fastness and colour measurement of textiles. A Filarowski is the secretary to BSI TCI/81 Colour fastness and colour measurement of textiles. SDC member and Honorary Secretary S Bolton was Chair of ISO/TC 38/SC1 during 2015.

The SDC would like to thank the above individuals for all their work on behalf of the SDC on these technical committees.

In 2015 the SDC joined the standards meetings in the USA that are coordinated by AATCC, in order to ensure USA collaboration and understanding. These were attended by A Filarowski.

Events

SDC Events are primarily held in 4 countries: UK, India, Hong Kong, & Pakistan. These attracted 1,000+ delegates in total. SDC Hong Kong organised and supported a regular programme of events. SDC Pakistan delivered a regular series of industry events. SDC India organised a regular series of Colour Events and half day seminars. SDC EC's international conference in 2015 was entitled 'Innovations for Sustainable Textile Production .... Connecting the Dots'. The UK regions delivered a busy events programmes and these and the international events were all reported in the *Colourist* publication and via the SDC e-Newsletter. In late 2015 the number of events became so large that a separate events e-News is now issued to SDC Members.

Day of Celebration Event

The SDC Day of Celebration event incorporates the SDC AGM, Awards Ceremony and President's Dinner. In 2015 we inaugurated our new President, Derek McKelvey who will remain in office for a year. The 2015 Day of Celebration was again held in the Merchant Adventurers Hall in York and, due to very positive feedback and demand, is also the location for the 2016 Day of Celebration. Increased local competition has lowered prices for many services and charges are made to recover as much of the costs as possible, whilst also ensuring award winners and student members are able to be present. The expenditure on the event reduced slightly in 2015 (£13,411) compared to 2014 (£15,135). The attendance numbers for each part of the day were up in 2015 and a very successful day was experienced. AGM attendance bookings have changed from 72 (2013), to 83 (2014) and 69 (2015). The Awards section of the day was attended by 90 (2013), 118 (2014) and 137 (2015), showing steady growth in interest over recent years. The Presidents Dinner attendance has

risenover recent years from 125 (2013) to 127 (2014) and 142 (2015). The Great Hall capacity is 180 maximum so there is still room to expand, although space is also required for presentations etc. The price of the dinner has not been raised for some time, with early bird price offers available. Income and expenditure for the Day of Celebration are shown in the detail of the Annual Accounts, with travel and subsistence (if claimed) for Trustees, Honorary Officers, Staff and specific guests accounted in travel and subsistence accounting lines.

Competitions

Open to undergraduate fashion and textile design students, the SDC International Design Competition encourages the creative and original use of colour in fashion and textile design. The 2015 competition was open to students from 13 countries. The overall number of entries is difficult to quantify as many colleges hold their own internal selections before putting forward a smaller number of entries. The SDC International Design Competition however engages with 13 countries, 60+ universities and 450+ students.

The 2015 grand final took place in London at The Fashion and Textile Museum and was supported by three notable judges: Dame Zandra Rhodes DBE of the Fashion & Textile Museum, Duncan Neil who had set the competition brief, and Laduma Ngxokolo an international success from a previous SDC Design Competition final. Ms Aoife Mullane from the National College of Art and Design (NCAD), Dublin, was announced as the winner, with joint runners up Mr Thaweesak Chattuwan, from Khon Kaen University, Thailand and Ms Tasneem Patrawala from B.D. Somani Institute, India. Congratulations to all the finalists, who are each national winners in their own right.

The SDC cost of the International Design Competition is primarily related to the International Final, which amounted to expenditure of £13,150 (2015) cf. £14,007 (2014). For 2016 sponsors are being sought principally for flights and hotels which are the major costs components.

Membership

The SDC membership numbers have slowly declined over the years and continues to do so (decline of 1% year on year 2014 vs 2013 growing to a decline of 5% year on year 2015 vs 2014). Individual membership retention remains high, but recruitment of new members has fallen.

Income from individual membership subscriptions declined in 2014 year on year (compared to increases the previous two years) but in 2015 membership income grew to £39,896. College/ University and Corporate membership subscriptions reversed the decline in 2014 and grew in 2015 and all membership category incomes were above budget.

2015 saw new SDC members in all parts of the world. Shown in detail in the table below are new members, new student members, total membership and the number of Chartered Colourists. In total 110 new members joined the SDC in 2015, which is 40 less than 2014 and 59 less than 2013. The decline is evident across all areas of the world but as 39 less student members were recruited in 2015 this is the major category.

	New Members 2015 (2014)	Of whom students 2015 (2014)	Membership at 31 Dec 2015 (2014)	Of whom CCol 2015 (2014)
UK	**47 (59)**	**19 (35)**	**535 (562)**	**262 (274)**
Hong Kong	3 (4)	0 (0)	109 (116)	88 (95)
Pakistan	5 (7)	2 (2)	17 (19)	5 (6)
India	34 (52)	5 (30)	166 (176)	32 (42)
China	1 (4)	1 (0)	10 (14)	5 (6)
Rest of the World	20 (24)	4 (3)	187 (189)	67 (80)
Non-UK	**63 (91)**	**12 (35)**	**489 (514)**	**197 (229)**
TOTAL (2015)	**110**	**31**	**1024**	**459**
TOTAL (2014)	**150**	**70**	**1076**	**503**
TOTAL (2013)	**169**	**78**	**1085**	**507**

Partner organisations

The SDC Charitable Objectives from the Royal Charter includes *"To co-operate with other scientific organisations and bodies in relation to colour and its application and use"*. To this end the SDC is an active member of The Science Council and The Parliamentary and Scientific Committee. Other active network links to partner organisations include the SCI, OCCA, several universities, YCF, and The Society of Leather Technologists and Chemists.

Perkin House

SDC Members will be aware from the AGM held in 2014 that the President agreed that a decision to progress on a sale of Perkin House would only be made via a General Meeting of SDC Voting Members. The SDC Board appointed a Perkin House Working Party to report via the Finance Committee. That Working Party produced criteria to assess the viability of a sale of Perkin House providing alternative accommodation for the SDC and its activities. It was assumed that such activities would be similar to current SDC activity and options to purchase as well as to lease were evaluated. A clear conclusion was reached, based on market information of suitable sized properties in the current travel to work area of SDC staff. The sale of Perkin House will not realize sufficient funds and cost savings to fund either lease or purchase of alternative accommodation to meet SDC needs. As a result the Working Party made recommendations to the Finance Committee which were then passed on to, and agreed by, the SDC Board. These are that a sale and move out of Perkin House is not considered a fiscally viable option, to either to leased or purchased suitable accommodation. As a consequence, the sale option will not be pursued. Perkin House will continue to be maintained, and tenants sought for vacant offices.

Reserve Policy

It is the policy of the SDC to maintain unrestricted funds, which are the free reserves of the Charity, at a level which equates to at least ten (10) month's budgeted expenditure. In the event of a

significant reduction in the SDC's anticipated income this would allow sufficient funds and time for the Trustees to assess the longer term prospects for the SDC without jeopardising short-term charitable activities.

The group reserves are represented by the group assets of £3,962,827 (2014 - £3,621,787). Group cash at bank and in hand, at 31 December 2015, amounted to £869,081 (2014 - £510,389) whilst the cash at bank and in hand for the charity alone was £190,875 at 31 December 2015 (£274,529 at 31 December 2014). Group investments reduced slightly from £954,525 at the end of 2014 to £929,351 at the end of 2015. Total resources expended by the charity alone in 2015 were £1,038,115 (2014 £1,043,322). The SDC has cash at bank and in hand, plus investments, of £472,550 plus £929,351 (total £1,401,901) (in 2014 £708,901 and £954,525, totalling £1,663,426) which is 16.2 (2014 was 19.1) months expenditure and thus sufficient cover in line with the policy above.

The cash reserves maintained at the year end by the group were significantly higher in anticipation of the acquisition just after the year end of Sam Weller Limited by SDCE which was in part funded by its own reserves. The new acquisition has altered the risk profile of the group in the short term whilst the synergies from the business combination are achieved and therefore the Trustees believe that a short term higher level of reserves than initially planned is appropriate.

Investment Policy

The SDC funds consist of equities held in a managed portfolio at medium risk and cash held on term deposit accounts not required for current activities. Equities are held in fixed interest, ordinary shares and government stocks. The portfolio market value and cash deposits at 31 December 2015 were £895,741 (2014 £883,682) and £33,610 (2014 £70,843) respectively. The total amount in investments therefore fell from £954,425 at the start of 2015, to £929,351 (down 2.6%) by the end of the year. This investment fall over 2015 reflected a turbulent year for investments and accounted for the major part of the reduction in SDC funds overall.

Risk Assessment

The risk situation is reviewed by the SDC Board who judge that over the next three years the SDC has a low to medium risk that charitable activities may be less because of a reduction of available funds. Insurances are held wherever possible to cover for external events and internal management is used to minimise potential occurrence.

Equality, Diversity and Discrimination Policy

The SDC is an equal opportunities employer and encourages diversity. It is non-discriminatory on age, disability, ethnicity, gender reassignment, marriage and civil partnership, race and religion, sex and sexual orientation in all operations and in all membership matters.

Health and Safety Policy

The Health & Safety policy of the SDC is to ensure public, staff and the environment are protected as far as reasonably practical and that all legal requirements are met.

UK National Living Wage

From 1st April 2016 all employees aged 25 years and over must be paid the UK Living Wage. In 2015 the SDC Charity had one employee paid at the minimum wage level and their level of pay was addressed from 1st January 2016. Hence all employees are paid the higher than the UK Living Wage from the start of 2016, ahead of the Living Wage becoming UK law.

UK Pension Auto-enrolment

The UK Government has is also phasing in auto-enrolment for employee pension schemes. This has been a topic of discussion in the SDC Charity annual pension review each year for a few years now. The SDC has a Staging Date of February 2017 when it must comply and is actively managing this with its pension agent in order that it fully complies at the start of 2017. No issues are foreseen with the majority of the SDC staff already members of the SDC Pension scheme.

Remuneration Policy

The salaries of all SDC staff are set based on a Finance Committee and SDC Board approved overall budget based on itemised lines including staff salaries. The CEO approves all salary rises within that budget and this includes his own salary rise being in line with all SDC staff. If there should be a desire for a CEO rise in salary beyond that in line with staff in general then this will be a matter taken up at his appraisal which is undertaken with the Chair of the SDC Board and the Honorary Secretary.

Preparation of Financial Statements for 2015

The SDC's 2015 Financial Statements have been prepared under instructions of the Trustee Board to comply with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" effective January 2015 and the Charities Act 2011 and regulations made thereunder which provide for the following:

Separation of funds: Unrestricted, restricted and permanent endowment funds

Investments: Reported at market value

Breakdown of expenditure: Costs of generating funds and charitable activities

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993 and regulations made thereunder. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Auditor

All of the current trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditor is aware of that information. The trustees are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP have expressed their willingness to continue in office to the Group and resolution to re- appoint them will be proposed at the next annual general meeting.

This report was approved by the Trustee Board on and signed on its behalf by:

G Rudkin	J Hansford	S Bolton	G Clayton
Chair trustee board	Honorary Treasurer	Honorary Secretary	Chief Executive Officer

Independent Auditor's report to the Trustees of the Society of Dyers and Colourists

We have audited the group and parent charity financial statements of The SDC of Dyers and Colourists ("the financial statements") for the year ended 31 December 2015 which comprise the consolidated and parent charity statement of financial activities, the consolidated and parent charity balance sheets, consolidated and parent charity cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with that Act. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of group and the parent charity's affairs as at 31 December 2015 and of the group's incoming resources and application of resources 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 Charities Act 2011 and regulations made thereunder.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where regulations made under the Charities Act 2011 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept in respect of the parent charity; or
- the parent charity financial statements do not accord with the accounting records; or
- any information contained in the financial statements is inconsistent in any material respect with the trustees report; or
- any information or explanation to which we are entitled has not been afforded to us.

BDO LLP
Statutory auditor
Leeds, UK

Consolidated Statement of Financial Activities for the year ended 31 December 2015

	Notes	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	2015 Total Funds £	2014 Total Funds £
Income:						
Voluntary income	2	49,896	-	-	49,896	52,024
Income from generating funds	3	221,231	-	-	221,231	206,001
Commercial trading operations	4	2,769,339			2,769,339	2,232,651
Investment income	5	55,723	-	-	55,723	53,555
Total income		3,096,189	-	-	3,096,189	2,544,231
Expenditure:						
Costs of raising funds:						
Costs of generating funds:	6	954,241	-	-	954,241	988,619
Expenditure on charitable activities:	7	76,363	-	-	76,363	46,260
Commercial trading operations	8	1,620,130			1,620,130	1,587,487
Investment management cost	9	7,511	-	-	7,511	8,443
Total expenditure		2,658,245	-	-	2,658,245	2,630,809
Net gains/(losses) on investments	11	(4,191)	-	-	(4,191)	23,895
Taxation		(92,713)			(92,713)	(20,371)
Net income/expenditure		341,040	-	-	341,040	(83,054)
Transfers between funds		-	-	-	-	-
Net movement in funds		341,040	-	-	341,040	(83,054)
Reconciliation of funds:						
Total funds brought forward		3,555,103	49,183	17,501	3,621,787	3,704,841
Total funds carried forward		3,896,143	49,183	17,501	3,962,827	3,621,787

All amounts relate to continuing operations.

Charity Statement of Financial Activities for the year ended 31 December 2015

	Notes	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	2015 Total Funds £	2014 Total Funds £
Income:						
Voluntary income	2	49,896	-	-	49,896	52,024
Income from generating funds	3	915,441	-	-	915,441	721,230
Investment income	5	55,071	-	-	55,071	53,555
Total income		1,020,408	-	-	1,020,408	826,809
Expenditure:						
Costs of raising funds:						
Costs of generating funds:	6	954,241	-	-	954,241	988,619
Expenditure on charitable activities:	7	76,363	-	-	76,363	46,260
Investment management cost	9	7,511	-	-	7,511	8,443
Total expenditure		1,038,115	-	-	1,038,115	1,043,322
Net gains/(losses) on investments	11	(4,191)	-	-	(4,191)	23,895
Net income/expenditure		(21,898)	-	-	(21,898)	(192,618)
Transfers between funds		-	-	-	-	-
Net movement in funds		(21,898)	-	-	(21,898)	(192,618)
Reconciliation of funds:						
Total funds brought forward		3,264,501	49,183	17,501	3,331,185	3,523,803
Total funds carried forward		3,242,603	49,183	17,501	3,309,287	3,331,185

All amounts relate to continuing operations.

Consolidated Balance Sheet as at 31 December 2015

	Notes	2015 £	2015 £	As restated 2014 £	As restated 2014 £
Fixed Assets					
Tangible assets	14		1,355,545		1,421,701
Investments	15		929,351		954,525
			2,284,896		2,376,226
Current Assets					
Stock	16	652,529		619,687	
Debtors					
Amounts falling due within one year	17	653,962		460,823	
Cash at bank and in hand		869,081		510,389	
		2,175,572		1,590,899	
Creditors					
Amounts falling due within one year	18	(495,230)		(337,688)	
Net current Assets			1,680,342		1,253,211
Provisions for liabilities					
Deferred tax	19		(2,411)		(7,650)
Net Assets			3,962,827		3,621,787
Funds	20				
Unrestricted funds					
Accumulated fund			2,568,284		2,590,182
Designated funds			674,319		674,319
Funds retained in SDC Enterprises Ltd			653,540		290,602
			3,896,143		3,555,103
Restricted funds			49,183		49,183
Permanent endowment funds			17,501		17,501
			66,684		66,684
			3,962,827		3,621,787

The financial statements were authorised for issue and signed on behalf of the trustee board on

G Rudkin	J Hansford	S Bolton	G Clayton
Chair Trustee Board	Honarary Treasurer	Honorary Secretary	CEO

Charity Balance Sheet as at 31 December 2015

	Notes	2015 £	2015 £	As restated 2014 £	As restated 2014 £
Fixed Assets					
Tangible assets	14		1,326,034		1,364,203
Investments	15		1,374,951		1,400,125
Current Assets			2,700,985		2,764,328
Debtors					
Amounts falling due within one year	17	601,675		434,372	
Cash at bank and in hand		190,875		274,529	
		792,550		708,901	
Creditors					
Amounts falling due within one year	18	(184,248)		(142,044)	
Net current Assets			608,302		566,857
Net Assets			3,309,287		3,331,185
Funds	20				
Unrestricted funds					
Accumulated fund			2,568,284		2,593,800
Designated funds			674,319		670,701
			3,242,603		3,264,501
Restricted funds			49,183		49,183
Permanent endowment funds			17,501		17,501
			66,684		66,684
			3,309,287		3,331,185

The financial statements were authorised for issue and signed on behalf of the trustee board on

G Rudkin	J Hansford	S Bolton	G Clayton
Chair Trustee Board	Honarary Treasurer	Honorary Secretary	CEO

Consolidated statement of cash flows for the year ending 31 December 2015

	Group		Charity	
	2015 Total funds £	2014 Total funds £	2015 Total funds £	2014 Total funds £
Cash flows from operating activities:				
Net cash provided (used in) operating activities	335,505	(45,880)	(107,995)	(34,964)
Cash flows from investing activities:				
Dividends, interest and rents from investments	55,723	53,555	55,701	53,555
Proceeds from the sale of property, plant and equipment				
Purchase of property, plant and equipment	(13,848)	(33,083)	(12,672)	(9,420)
Proceeds from the sale of investments	299,902	99,023	299,902	99,023
Purchase of investments	(318,590)	(69,928)	(318,590)	(69,928)
Net cash provided by (used in) investing activities	23,187	49,567	24,341	73,230
Change in cash and cash equivalents in the reporting period	358,692	3,687	(83,654)	38,266
Cash and cash equivalents at the beginning of the reporting period	510,389	506,702	274,529	236,263
Change in cash and cash equivalents due to exchange rate movements				
Cash and cash equivalents at the end of the reporting period	869,081	510,389	190,875	274,529

Reconciliation of net income/(expenditure) to net cash flow from operating activities

Net income/(expenditure) for the reporting period (as per the statement of financial activities)	345,231	(87,578)	(17,707)	(216,513)
Adjustments for:				
Depreciation charge	92,830	115,410	64,141	81,394
Dividends, interest and rents from investments received	(55,723)	(53,555)	(55,701)	(53,555)
(Increase)/decrease in stocks	(32,842)	(90,338)	-	-
(Increase)/decrease in debtors	(166,294)	27,137	(140,932)	131,381
Increase/(decrease) in creditors	152,303	43,044	42,204	22,329
Net cash provided (used in) operating activities	335,505	(45,880)	(107,995)	(34,964)

1 Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to seperately recognise investment property and property, plant and equipment, a reclassification of investment property was recognised. The amount recognised as investment property at the date of transition was £226,000.

In applying the requirement to recognise investment property at fair value, the amount of depreciation initially recognised during the year ending 31 December 2014 has been restated to £nil. The initial amount charged was for £5,683.

No material adjustments having an impact on surplus/deficit or reserves were required as a result of transition to FRS 102.

Basis of consolidation

The group financial statements consolidate the accounts of the Society of Dyers and Colourists and its subsidiary on a line by line basis. Transactions between the group companies are eliminated on consolidation.

Fund accounting

The funds held by the charity are:

- Unrestricted funds – these are general funds which can be used in accordance with the charitable objectives at the discretion of the trustees. Included in unrestricted funds are certain designated funds set aside by the trustees for specific purposes.
- 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.
- Permanent endowment funds – these represent the fixed asset investments which must be held permanently by the charity.

The objectives of the various designated, restricted and permanent endowment funds are set out in note 6.

Incoming resources

All incoming resources from generated funds and charitable activities, including capital grants, are included in the Statement of Financial Activities when the SDC is entitled to the income and the amount can be quantified with reasonable accuracy.
Investment income and gains/(losses) are allocated to the appropriate funds.

Resources expended

Cost of generating funds, charitable activities and governance.

- Generating funds: The following activities - trading costs of subsidiary, room hire & annual dinner, cost of managing investments and leased buildings - are for the purpose of generating funds.
- Charitable activities: The following activities - colour experience, colour conference, membership and qualifications, publications, technical - are of a charitable nature and are provided for the benefit of members and the general public.
- Governance Costs include the day to day running of the SDC consisting of staff and administration costs. This includes audit and other professional costs, trustee travel, training and meetings and excludes any costs of generating funds.

All resources expended are on an accrual basis.
Grants payable are charged in the year when the offer is conveyed to the recipient.

Support costs and overheads are apportioned on the basis of financial activity within each cost centre.

Trading expenses are those of the charity's wholly owned subsidiary and to not include any of the charity's overheads.

Support costs are those of managing and administering the SDC and represent expenses incurred attributable to the management of the charity's assets.

Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write-off their cost over their expected useful life, as follows:

Freehold property	- 2.5% straight line
Furnishings and general equipment	- 15% straight line
Computer equipment	- 33.3% straight line
Leasehold improvements	- over the term of the lease

Fixed asset investments

Listed investments are stated at market value at the balance sheet date.
The investment in the SDC's trading subsidiary, SDC Enterprises Ltd, is stated at cost.
The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Stock

Stock consists of raw materials, work in progress and finished goods for resale. It is valued at the lower of cost and net realisable value with due provision made for obsolete and slow moving items.

Pension costs

The pension costs charged in the financial statements represent the contributions payable by the company and group during the period.

Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company.
Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term. Benefit received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling on the date the payment or receipt is made.

Research and development

Research and development costs are written off to the profit and loss account when incurred.

Deferred tax

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.
A net deferred tax asset is recognised if and only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference.
Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.
Deferred tax assets and liabilities are not discounted.

Building revaluation - Investment Property

The basis of building revaluation was Market Value with vacant possession and existing use.
Revaluation also performed in accordance with the RICS Valuation - Professional Standards January 2014 Edition (the "Red Book"), where applicable having due regard to the Practice Statements and Guidance Notes therein for valuations of this nature.

2 Voluntary income

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Membership subscriptions	39,896	31,884	39,896	31,884
Gifts and donations	10,000	20,140	10,000	20,140
	49,896	52,024	49,896	52,024

3 Income from generating fund

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Colour Experience fees	9,789	4,527	9,789	4,527
Days of Celebration	2,474	2,311	2,474	2,311
Seminars and conferences	2,031	1,558	2,031	1,558
Books and publications:-				
Academic	6,833	1,558	6,833	1,558
Colour Experience	17,485	4,349	17,485	4,349
Journal of Colouration Technology	38,016	38,989	38,016	38,989
AATCC Review	264	190	264	190
Colour Index	93,209	87,551	93,209	87,551
Training	32,449	46,809	32,449	46,809
Consultancy	-	8,000	-	8,000
Qualifications	4,929	1,140	4,929	1,140
Gift aid and license fee received from subsidiary	-	-	694,210	515,229
Other	13,752	9,019	13,752	9,019
	221,231	206,001	915,441	721,230

4 Income from commercial trading operations

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Trading income from subsidiary	2,769,339	2,232,651	-	-

5 Investment income

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Rental income	26,935	23,481	26,935	23,481
Interest received	768	270	116	270
Dividends from listed investments	28,020	29,804	28,020	29,804
	55,723	53,555	55,071	53,555

6 Costs of generating funds

	Group		Charity	
	2015	2014	2015	2014
Books, publications and technical products				
Books - Academic	367	-	367	-
Books - Colour Experience	8,679	4,550	8,679	4,550
Journal of Colouration Technology	38,343	28,442	38,343	28,442
Colour Index (AATCC Share)	25,285	30,384	25,285	30,384
The Colourist	12,900	11,664	12,900	11,664
Other	-	14,138	-	14,138
Investing in KT projects	-	8,256	-	8,256
Qualifications costs	2,105	4,393	2,105	4,393
Training costs	3,326	703	3,326	703
External accountancy and consultancy fees	6,200	20,627	6,200	20,627
Salary costs (including redundancy costs)	506,977	556,016	506,977	556,016
Travel & subsistence	68,125	41,461	68,125	41,461
General marketing	2,804	924	2,804	924
Operational costs	152,334	134,653	152,334	134,653
Depreciation	50,842	81,394	50,842	81,394
Revaluation reserve transfer	-	(29,911)	-	(29,911)
Bradford Council car park lease	3,413	4,550	3,413	4,550
CE consultants	1,012	1,691	1,012	1,691
CI consultant fees	1,143	1,539	1,143	1,539
Credit card charges	-	200	-	200
HR helpline services	820	5,365	820	5,365
Bookkeeping services	19,958	15,047	19,958	15,047
Bad debts	(4,228)	11,325	(4,228)	11,325
Governance costs	53,836	41,208	53,836	41,208
	954,241	988,619	954,241	988,619

7 Expenditure on charitable activities

	Group		Charity	
	2015	2014	2015	2014
Annual review/Engaging with Colour	1,800	1,800	1,800	1,800
Awards	52,002	20,597	52,002	20,597
Seminar and conference costs	6,285	4,361	6,285	4,361
Colour Experience Materials	1,553	2,937	1,553	2,937
Day of Celebration	13,411	15,135	13,411	15,135
Other SDC committees	1,312	1,430	1,312	1,430
	76,363	46,260	76,363	46,260

8 Expenditure on commercial trading operations

	Group		Charity	
	2015	2014	2015	2014
Trading by subsidiary	1,620,130	1,587,487	-	-

9 Investment management costs

	Group		Charity	
	2015	2014	2015	2014
Broker fees	7,511	8,443	7,511	8,443
	7,511	8,443	7,511	8,443

10 Governance costs

	Group		Charity	
	2015	2014	2015	2014
Committee meetings	4,802	3,750	4,802	3,750
Miscellaneous governance costs	2,815	2,225	2,815	2,225
Legal fees and trademark protection	15,412	10,892	15,412	10,892
Trustees liability insurance	1,368	1,033	1,368	1,033
Trustees training	754	2,275	754	2,275
Audit fees	12,320	9,400	12,320	9,400
Bank interest paid	33	35	33	35
Bank charges	4,590	4,716	4,590	4,716
PayPal charges	762	325	762	325
Subscriptions & licences (inc Data Protection)	3,260	2,632	3,260	2,632
Grants in support of SDC regions	4,256	1,587	4,256	1,587
Medals & plaques	3,464	2,338	3,464	2,338
	53,836	41,208	53,836	41,208

11 Gains/(Losses) on Investments

	Group		Charity	
	2015	2014	2015	2014
Realised (losses)/gains	2,438	(3,361)	2,438	(3,361)
Unrealised gains	(6,629)	27,256	(6,629)	27,256
	(4,191)	23,895	(4,191)	23,895

12 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Salaries and wages	752,934	775,821	425,595	437,125
Social security costs	73,238	79,200	38,092	43,217
Pension costs	65,866	57,318	27,610	28,174
Employer's life assurance contributions	10,143	4,661	3,438	4,764
Employer's private medical contributions	2,843	4,484	2,843	4,484
	905,024	921,484	497,578	517,764

There were 3 employees of the group with employment benefits in excess of £60,000 (2014: 2).

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Bands:				
£130,000 - £140,000	1	-	-	-
£110,000 - £120,000	-	1	-	-
£70,000 - £80,000	1	1	1	1
£60,000- £70,000	1	-	-	-
	3	2	1	1

The number of staff who received in excess of £60,000 to whom retirement benefits are accruing under defined contribution schemes was 3 (2014: 2)

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Employer's pension contributions to defined contribution schemes in respect of the employees receiving in excess of £60,000.	23,375	20,263	5,161	5,161

They key management personnel of the group comprise the trustees and the CEO of the charity and the directors of SDC Enterprises Limited. The total employee benefits of this group was £299,190. (2014 : £269,842)

13 Staff numbers

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Charitable activities	11	11	11	11
Management and administration	12	12	5	5
	23	23	16	16

14 Tangible fixed assets

	Investment property £	Leasehold improvements £	Freehold property £	Furnishings and equipment £	Total £
Group - cost or revaluation					
Cost at 1 January 2015	266,000	127,094	1,134,000	800,874	2,327,968
Additions	-	-	-	13,848	13,848
Disposals	-	-	-	(466,679)	(466,679)
Cost at 31 December 2015	266,000	127,094	1,134,000	348,043	1,875,137
Depreciation at 1 January 2015	-	111,927	56,700	724,340	892,967
Charge for the year	-	2,497	56,700	33,633	92,830
Depreciation on disposal	-	-	-	(466,205)	(466,205)
Depreciation at 31 December 2015	-	114,424	113,400	291,768	519,592
Net book value at 31 December 2015	266,000	12,670	1,020,600	56,275	1,355,545
Net book value at 31 December 2014	266,000	15,167	1,077,300	76,534	1,435,001

Freehold land and buildings of £266,000 have been reclassified as investment property to reflect the current use of the property.

	Investment property £	Leasehold improvements £	Freehold property £	Furnishings and equipment £	Total £
Charity - cost or revaluation					
Cost at 1 January 2015	266,000	45,439	1,134,000	483,854	1,929,293
Additions	-	-	-	12,672	12,672
Disposals	-	-	-	(465,730)	(465,730)
Cost at 31 December 2015	266,000	45,439	1,134,000	30,796	1,476,235
Depreciation at 1 January 2015	-	32,710	56,700	462,380	551,790
Charge for the year	-	1,817	56,700	5,624	64,141
Depreciation on disposal	-	-	-	(465,730)	(465,730)
Depreciation at 31 December 2015	-	34,527	113,400	2,274	150,201
Net book value at 31 December 2015	266,000	10,912	1,020,600	28,522	1,326,034
Net book value at 31 December 2014	266,000	12,729	1,077,300	21,474	1,377,503

Freehold land and buildings of £266,000 have been reclassified as investment property to reflect the current use of the property.

15 Investments **As restated**

	At 1 January 2015 £	Additions £	Disposals £	Net unrealised gain £	At 31 December 2015 £
Quoted investments at market value	883,682	318,590	(299,902)	(6,629)	895,741
Cash	70,843				33,610
Total group investments	954,525				929,351
Investment in subsidiary					
SDC Enterprises Limited	445,600	-	-	-	445,600
Total charity investments	1,400,125				1,374,951
Quoted investments at cost	706,732	318,590	(212,427)	-	812,895

A detailed listing of investments will be available at the AGM and is available to Members on request. The investments are held primarily to provide an investment return.

The Subsidiary Company

The SDC's investment in SDC Enterprises Limited represents 445,600 (2014 - 445,600) ordinary shares of £1 each.

The capital and reserves of the subsidiary at 31 December 2015 were £1,099,140 (2014 - £736,202). A summary of its results for the years ended 31 December 2015 and 2014 is as follows:-

	2015 £	2014 £
Turnover	2,769,339	2,231,511
Cost of sales	(1,218,416)	(1,110,883)
Gross profit	1,550,923	1,120,628
Distribution costs	(13,683)	(6,779)
Administrative expenses	(737,379)	(819,825)
Profit for the period	799,861	294,024
Gift aid payment	(344,210)	(194,000)
Tax	(92,713)	(20,371)
Retained profit	362,938	79,653

The trustees have assessed the classification of charity cash balances at 31 December 2015 and considered that cash balances of £156,417 held within investments as at 31 December 2014 should have been classified as cash balances and not held as investments.

The financial statements have been adjusted accordingly. As a result of this restatement net current assets in the group and the charity as at 31 December 2014 have increased by £156,417. There is no effect on net assets as at 31 December 2014.

16 Stock

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Finished goods for resale	652,529	619,687	-	-

17 Debtors

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year				
Trade debtors	516,222	361,469	197,885	188,203
SDC Enterprises Limited	-	-	320,000	194,000
Other debtors	72,503	58,573	40,372	27,262
Prepayments	53,043	33,079	31,224	17,205
VAT	12,194	7,702	12,194	7,702
	653,962	460,823	601,675	434,372

18 Creditors: amounts falling due within one year

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year				
Trade creditors	89,102	159,595	47,121	34,315
Accruals	227,750	74,886	56,701	26,202
Taxes - PAYE and NI	11,106	9,856	11,106	9,856
Corporation tax	97,952	21,680	-	-
Advance receipts	64,126	68,219	64,126	68,219
Other creditors	5,194	3,452	5,194	3,452
	495,230	337,688	184,248	142,044

19 Deferred tax

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
At beginning of year	7,650	8,959	-	-
Released during year	(5,239)	(1,309)	-	-
At end of year	2,411	7,650	-	-

The provision for deferred taxation is made up as follows:

	Group		Charity	
	2015	2014	2015	2014
Accelerated capital allowances	2,411	7,650	-	-

20 Funds

	Fund balance 01/01/2015 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Net movement in funds £	Fund balance 31/12/2015 £
Unrestricted funds							
Accumulated funds	2,590,182	1,020,408	(1,038,115)	-	(4,191)	(21,898)	2,568,284
Designated funds							
Development & research	451,676	-	-	-	-	-	451,676
Colour experience	9,207	-	-	-	-	-	9,207
Centenary educational trust	117,051	-	-	-	-	-	117,051
Tordoff memorial	96,385	-	-	-	-	-	96,385
Total designated funds	674,319	-	-	-	-	-	674,319
Funds retained in SDC Enterprises Ltd	290,602	2,075,781	(1,712,843)	-	-	362,938	653,540
	3,555,103	3,096,189	(2,750,958)	-	(4,191)	341,040	3,896,143
Restricted funds							
Fixed asset fund	37,759	-	-	-		-	37,759
Permanent endowment fund - Income/expenditure	11,424	-	-	-	-	-	11,424
	49,183	-	-	-	-	-	49,183
Permanent endowment funds							
George Douglas Lecture	2,128	-	-	-	-	-	2,128
Turner Scholefield Award	2,497	-	-	-	-	-	2,497
Veronica Bell Award	12,876	-	-	-	-	-	12,876
	17,501	-	-	-	-	-	17,501
Total funds - Group	3,621,787	3,096,189	(2,750,958)	-	(4,191)	341,040	3,962,827
Deduct funds retained in SDC Enterprises Ltd	(290,602)						(653,540)
Total funds - Charity	3,331,185						3,309,287